MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
NOVEMBER 24, 2008

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held at the Lansing Community College West Campus, Lansing, Michigan, on November 24, 2008.

MEMBERS PRESENT: Douglas Buckler; Cullen DuBose; Baldomero Garcia; Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached); Stanley "Skip" Pruss; Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

MEMBERS ABSENT: James Epolito; Faye Alexander Nelson

CALL TO ORDER: Jeff Mason called the meeting to order at 10:03 a.m. and began the meeting by welcoming Stanley "Skip" Pruss as the newest member to the MEGA Board, taking the place of former Director of the Department of Labor and Economic Growth, Keith Cooley.

APPROVAL OF MINUTES: Mr. Mason asked for a motion to approve the October 14, 2008 meeting minutes. **Ms. Shinn motioned approval of the minutes. Director Cooley seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused

PUBLIC COMMENT: Mr. Mason opened the floor for public comment. There was none.

STANDARD MEGA CREDITS:

Resolution 2008-144: CareTech Solutions, Inc.
Jerome Katz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Edward Dallwein, Chief Financial Officer & Jim Giordano, Chief Executive Officer – CareTech Solutions; Mark Adams, Senior Business Development Manager – Oakland County.
CareTech Solutions, Inc. was founded in 1998 to meet the healthcare industry's growing need for benefits-driven, cost-effective information technology services. CareTech Solutions provides expert services in virtually every facet of information management, from implementing emerging technologies to supporting day to day Information Technology and Health Information Management operations. The company serves several of the largest medical and education institutions in Michigan and in several other states throughout the country. CareTech Solutions, Inc. currently employs 590 people in Michigan.

Josh Hundt, MEDC Project Specialist, provided additional information on this project & the recommendation. The proposed project is the expansion of the headquarters and a new secondary data center for CareTech Solutions in the City of Troy. As a result the project will create 440 new jobs in Michigan over the next five years paying an average weekly wage of $1,114 and would include capital investment of approximately $28 million. The company will also offer healthcare benefits and pay a portion of the benefit costs. CareTech Solutions is also considering Ohio for this project. The major cost disadvantage for Michigan compared to Ohio is the difference in business tax rates.

Recommendation: MEDC staff recommends a 100 percent standard employment tax credit for 10 years for up to 440 new jobs subject to the following: Provided that the company creates a minimum of 330 new jobs by the end of the seventh year of operations (2016) and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Mason asked if

there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-144. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-145: CAU Acquisitions Company (dba Cartridges Are Us)

Brenda Flory, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Steve Iocco, President – CAU; Don Schurr, President – Greater Gratiot Development Corporation; Larry Trexler, Ithica City Councilman & Brad Heffner, Manager – City of Ithaca; Brian Smith, Administrator – Gratiot County. (The following guests were also present: Angie Iocco, Vice President – CAU; Chelsey Foster, Project Manager – Greater Gratiot Development Corporation)

CAU Acquisition Company, LLC (d/b/a Cartridges Are Us) (CAU), an independent subsidiary of Clover Technologies Group, is a world-leading, remanufacturing company that specializes in the production, sale, and distribution of inkjet cartridges. CAU originated in 1997 at the home of President and Vice President, Steve and Angie Iocco. In 2003, CAU moved to their current location in Ithaca, Michigan. CAU is one of the largest inkjet remanufacturing companies in the world remanufacturing approximately 200,000 inkjets per month. In 2007, Clover Technologies Group, (CTG) with headquarters in Ottawa, Illinois, acquired CAU forming a strategic alliance. Synergistically, the two companies combined both toner and inkjet recycling and remanufacturing and together have combined annual sales of over $250 million. The company currently has 79 full time employees in Michigan.

Marcia Gebarowski, MEDC Project Specialist, provided additional information on this project & the recommendation. CAU will be purchasing a new facility adjacent to their existing facility in Ithaca to accommodate additional work and machinery and equipment from a plant they are closing in Mexicali, Mexico. Total capital investment associated with this project will be approximately $1.6 million, of which $700,000 will be for the lease and leasehold improvements and approximately $900,000 for machinery and equipment. The expansion will create approximately 186 new jobs, paying an average weekly wage of $512. The company will also offer health care benefits and pay a portion of benefit costs.

Recommendation: MEDC staff recommends a 90 percent seven year standard employment tax credit for up to 186 net new employees.

Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-145. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-146: EPC – Columbia, Inc. (Look-Back)

Jennifer Owens, MEDC Director of Michigan Retention and Growth, introduced the guest presenters who provided background information on the company and this project: William Bean, Director of Engineering and Program Management – EPC; David Haynes – St. Clair Economic Development Association.

EPC – Columba, Inc. (Engineered Plastic Components) is a 15 year old thermal plastic injection molding company with corporate headquarters located in Grinnell, Iowa. EPC primarily supplies parts to the automotive and appliance industries. The company is a recognized minority supplier that currently has four other manufacturing plants located at Grinnell and Kalona, Iowa; Columbia, Missouri; and Rantoul, Illinois. The company had no associates in Michigan prior to the look-back period established at September 2, 2008.

Amy Deprez, MEDC Project Specialist, provided additional information on this project & the recommendation. EPC plans to expand their operations into Michigan and establish a Michigan presence. The company has identified a facility in the City of St. Clair that would fit their purposes. The project would result in the creation of about 250 employees over the next five years, paying an average weekly wage of $446 and would include a capital investment of over $8 million. The capital investment includes lease costs and an initial purchase of existing machinery for $3 million, followed by additional M&E over the remaining five years. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard look-back employment tax credit for 7 years, for up to 250 net new employees. The look-back period will be established as of September 2, 2008, employees hired after the establishment of the look-back period will count as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2008-146. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-147: Pulte Homes, Inc.
David Kurtycz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Greg Nelson, Vice President & Michael Schweninger, Director of Finance/Accounting – Pulte Homes; James Dingeman, Senior Business Development Manager – Oakland County.
Pulte Homes is one of America's largest homebuilding companies with operations in approximately 50 markets and 26 states. Pulte is a Fortune 500 company and among Michigan's largest public corporations. Their core business is the acquisition and development of land and the construction of residential housing, targeted for the first-time, first and second move-up, and active adult home buyers. Founded in Michigan in 1950, Pulte has delivered more than 500,000 new homes in its 58-year history. Pulte is the nation's largest builder of active adult communities for people age 55 and older. In addition, Pulte topped the 2008 J.D. Power and Associates New Home-Builder Customer Satisfaction Study and has consistently ranked at or near the top of this study. During 2007, Pulte delivered 27,540 homes and generated revenue of $9.3 billion. In Michigan, Pulte currently builds homes in 26 communities and delivered almost 500 homes during 2007. Pulte Homes, Inc. currently has 286 employees in Michigan.

Pulte's accounting function is currently decentralized across its 30+ homebuilding divisions operating in 26 states. In order to standardize and optimize processes, leverage best-in-class technology, and gain economic efficiencies, Pulte is creating a national shared services center. This center will consolidate much of the accounting back office functions into one location that will serve each of the company's homebuilding divisions. In addition, the company is critically evaluating other decentralized functions that may be brought into this shared services center.

Greg West, MEDC Project Specialist, provided additional information on this project & the recommendation.
The proposed project includes the expansion of their operations at Pulte Homes, Inc.'s current site in Bloomfield Hills, Oakland County, and the potential relocation to a larger facility within Oakland County. Total investment over five years will be approximately $10 million. This project will create 350 new jobs with an average weekly wage of $942. The company will offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent employment tax credit for 12 years, for up to 350 net new employees subject to the following: Provided that the company create a minimum of 250 jobs, over the employment base of 298, by the end of the tenth year of operations and continues to maintain that number in future years. 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 Standard MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. *Ms. Shinn asked whether the 315 jobs noted would be transfers from another facility within the state or completely new to the state, to which Mr. Schweninger replied*

that those jobs would be completely new to Michigan. Being no more discussion, **Ms. Shinn made a motion for approval of Resolution 2008-147. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>HIGH-TECH MEGA CREDITS:</u>

Resolution 2008-148: ESI North America, Inc.

David Kurtycz introduced the guest presenters who provided background information on the company and this project: Michael Bloor, Chief Operating Officer, Joe Strelow, Director of Design and Analysis Relation, & Rhonda Grant – ESI; Mark Adams, Senior Business Development Manager – Oakland County .
ESI Group is a world leading software editor for the numerical simulation of prototype and manufacturing process engineering in applied mechanics. ESI North America, Inc. has been located in Michigan since 1998. The key to ESI's success is the use of realistic material physics, providing "as good as real" virtual solutions, in order to replace the lengthy trial and error processes on real prototypes.

ESI is committed to expanding in the United States. Over the last six years ESI has acquired four US based companies to complement their strategic direction. Three of those companies had been very successful in developing products through funding from the Federal Government's SBIR programs. The acquisition of these companies by ESI fulfills the Government's initiative by enabling their products to be exported to global markets and bringing more jobs to the US. ESI North America, Inc. currently has 32 employees in Michigan.

Their growth plan is based on expanding outside of automotive into the Aerospace, Solar Energy, Fuel Cell, and Nuclear markets. These new markets are large consumers of software solutions, as there is limited ability to produce prototypes for evaluation. The enabler to this strategy is leveraging their internal expertise in these fields to cross train the laid off engineers from the automotive sector and build a multi application engineering team. With this team, ESI will be able to bring high-tech projects to the Michigan economy providing diversification and a stronger local economy.

Greg West provided additional information on this project & the recommendation.
The proposed project includes the expansion of their operations at ESI North America, Inc.'s current site in Bloomfield Hills, Oakland County, and the eventual relocation to a larger facility within Oakland County. The company's existing location in Bloomfield Hills, Oakland County, is of sufficient size to allow for their initial expansion through summer of 2009. After which they will relocate to a larger facility within Oakland County. While the actual site is not yet identified, it will be along the I-696 corridor. The new facility will be sized to accommodate their growth plan of 110 new employees, 90 new engineers plus support staff. Total investment over five years will be approximately $4.43 million. This project will create 110 new jobs with an average weekly wage of $1,442. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent employment tax credit for 10 years, for up to 110 net new employees subject to the following: Provided that the company create a minimum of 110 jobs, over the employment base of 32, by the end of the seventh year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-148. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-149: Howa USA Holdings, Inc.
David Kurtycz introduced the guest presenters who provided background information on the company and this project: Shin Isono, General Manager & Hideko Wagner, Sales Associate – Howa USA Holdings; James Dingeman, Senior Business Development Manager – Oakland County; Ara Topouzian – City of Novi; Ken Masumoto, MEDC Business Development Manager-Japan.
Howa Textile Industry Co., Ltd. began in 1955 in Aichi, Japan, and specialized in the development, production and sales of automotive interior and noise and vibration absorption parts. Howa Textile is a well known company and manufacturer of headliners (28% share of Japanese domestic market) and dash insulators (34% share). Their main customers are mostly Japanese car manufacturers such as Toyota, Nissan, Honda, Mitsubishi, Suzuki, Mazda, Daihatsu and Hino. They have 7 plants, 4 sales offices and 2 R&D Centers in Japan. They also have 2 plants in China and 2 plants in the United States.

In May 2008, Howa USA Holdings, Inc. was formed as a wholly owned subsidiary of Howa Textile Co., Ltd and is operating as the controlling company of their two US companies. The first is American Howa Kentucky, located in Bowling Green, Kentucky, formed in February 2004. The other company is Howa USA., Inc. located in Richmond, Indiana, formed in February 2008. Howa USA Holdings, Inc. currently has 1 employee in Michigan.

Greg West provided additional information on this project & the recommendation.
The proposed project includes the creation of a new R&D center in Novi, Oakland County, responsible for the development of new automotive products for customers in the US. The new facility will also have the purchase functions for Tier 2 supplier development, management and sales for daily customer support and investigation of USA market trends. The R&D center that will be located in Novi is the first Engineering facility in the United States under the Howa Group. This location will also be the headquarters of Howa USA Holdings, Inc. This project will create 25 new jobs with an average weekly wage of $1,545 and would result in capital of investment of $712,000 over five years. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 90 percent employment tax credit for seven years, for up to 25 net new employees.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-149. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>RURAL MEGA CREDITS:</u>

Resolution 2008-150: Carlton Creek Ironworks, LLC
Bill Kratz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Ken Zach, Chief Executive Officer – Carlton Creek Ironworks; Carol Witzke, Clerk – Village of Rothbury; Anne Hardy, Executive Director – Oceana County Economic Development Corporation.
In July 2008, Monomoy Capital Partners, L.P. formed Carlton Creek Ironworks, LLC. Carlton Creek is a leading North American provider of gray and ductile iron commercial castings for construction, marine and machine tool industries. The company is the second largest manufacturer of counterweights in North America. Carlton Creek operates two business units: a large iron foundry in Michigan and an international sourcing operation in China. Carlton Creek Ironworks, LLC currently employs 203 employees in Michigan, which includes 188 at the Rothbury facility.

Carlton Creek's goal is to transition its operations in Rothbury to support the production of high-grade ductile iron required by windmill castings. In order to do this the company must invest in machinery and equipment that will allow it to produce castings with high grade metallurgy and become a Tier I and Tier II supplier to the renewable energy windmill industry.

Ken Murdoch, MEDC Grant Specialist, provided additional information on this project & the recommendation. Carlton Creek estimates that the project will include a $10.3 million capital investment and will create an additional 70 jobs over the next 5 years, with an estimated average weekly wage of $553. The company also offer health care benefits and will pay a portion of the health care costs.

Recommendation: MEDC staff recommends a 100 percent Rural MEGA employment tax credit for seven years, for up to 70 net new employees.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Rural MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. *Mr. Pruss asked what the company would actually be casting, to which Mr. Zach elaborated on the types of casting that would be done by the company.* Being no more discussion, **Ms. Shinn made a motion for approval of Resolution 2008-150. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

BROWNFIELD MBT CREDIT:
Resolution 2008-151: Conner Creek Village Development Corporation – City of Detroit (Wayne County)
Joe Martin, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project:Mike Fisher, President – DCI; Joseph Kopietz – Clark Hill PLC; Anne Jamieson-Urena – AKT Peerless; Robert Boyd – Triumph Hospital.
This project consists of the redevelopment of a former hospital, St. Johns Community, located at 4777 East Outer Drive in Detroit. In 2004, the hospital campus began its transformation to the Conner Creek Village Campus due to efforts made by Detroit Community Initiative, Inc. The overall vision for the site is to create a walkable community center, focused on primary and urgent health care, job training with an emphasis on heath care, and low income housing.

The redevelopment that is eligible for the MBT credit will occur in two phases. Phase I will reduce the commercial footprint of the existing building, currently at 370,000 square feet, by demolishing the east wing and northeast buildings, reducing the size to 180,000 square feet of commercial space. The commercial facility will house a mix of health care facilities, retail, job training, and community development groups. Also, Triumph Hospital will lease a portion of the building to house 12 private patient rooms. Phase II is anticipated to include 90 townhomes of affordable housing for tenants of all ages.

Peter Anastor, MEDC Manager of Community and Urban Development, provided additional information on this project & the recommendation. The total capital investment is expected to be $33 million, with eligible investment anticipated at $27.5 million. At least 25 permanent full-time jobs will be created as a result of the development. The City of Detroit will support this project with a Payment in Lieu of Taxes (PILOT), which will significantly reduce the property tax liability of the development. In addition, the project is seeking New Market Tax Credits, 4% MSHDA Bond financing and 1% MSHDA mortgage financing.

Recommendation: MEDC staff recommends designation as an Urban Development Area Project and approval of a MEGA MBT Brownfield Redevelopment Credit of 20% based on $27,520,000 in eligible investment, not to exceed $5,504,000.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of**

Resolution 2008-151. Mr. DuBose seconded the motion. The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>BROWNFIELD MBT CREDIT & WORK PLAN APPROVAL:</u>

Resolution 2008-152: Kirsch Industrial Park, LLC – City of Sturgis Work Plan Approval
Resolution 2008-153: Kirsch Industrial Park, LLC – City of Sturgis Brownfield MBT Credit

Joe Agostinelli, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Scott Bosgraaf, Member – Kirsch Industrial Park; Jared Belka – Warner Norcross; John Haynes, Director of Economic Development & Mike Hughes, City Manager – City of Sturgis.

Work Plan Request: $15,896,463

The project will redevelop the former Kirsch Manufacturing Plant in the City of Sturgis, St. Joseph County. This is a 56 acre parcel with 1 million square feet of space which has been vacant for a number of years. The project will completely renovate the existing structure and prepare it for light industrial, manufacturing, warehousing and/or commercial uses. The project is expected to be completed in four phases as each new tenant is identified. The first phase is expected to include 242,000 square feet and lead to the expansion of a local company. Additional phases ranging from 120,000 to 260,000 square feet will be complete as tenants are identified. The total capital investment is anticipated to be $19,600,000 and the total eligible investment is anticipated to be $16,000,000.

Peter Anastor provided additional information on this project & the recommendation.
It is expected the project will lead to the creation of 600 permanent jobs, with wages estimated at $9 to $15 per hour. The City of Sturgis is supporting the project with a 12 year PA 198 property tax abatement.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $15,896,463 described above. Utilizing the current state to local capture ratios described above, the amount of school tax capture for this project is estimated at $7,884,646. The Brownfield Redevelopment staff also recommends approval of a MEGA MBT Brownfield Redevelopment Credit of 12.5% of the eligible investment not to exceed a $2,000,000 credit.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit and Work Plan Approval requests and recommends approval.* Mr. Mason asked if there were any questions from the Board. *Mr. Buckler asked about the severity of the ground contamination, noting that if it is very severe, removal can take up to a couple of years before the project can actually begin. Mr. Bosgraaf noted that the ground contamination was not bad at all and would not require much time to remove.* Being no more discussion, **Mr. Buckler made a motion for approval of Resolution 2008-152. Mr. DuBose seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused Then, **Mr. Garcia made a motion for approval of Resolution 2008-153. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>WORK PLAN APPROVALS:</u>

Resolution 2008-154: Rifkin Scrap Iron & Metal Company – City of Saginaw

Brenda Flory introduced the guest presenters who provided background information on the company and this project: JoAnn Crary, President – Saginaw Future; Anne Jamieson-Urena – AKT Peerless; John Glynn, Operations Manager – Rifkin Scrap Iron & Metal Company.

Work Plan Request: The City of Saginaw's Brownfield Redevelopment Authority has submitted a work plan request for the approval of $282,800 in local and school tax capture.

Rifkin Scrap Iron and Metal Company, family owned and operated, is a scrap metal processing facility located in the City of Saginaw. The company utilizes processing equipment with the ability to provide most grades of ferrous and non-ferrous scrap, including a wide variety of sheared, bailed, and torched scrap for foundry and mill applications. Additionally, Rifkin Scrap Iron and Metal Company provides materials handling with full truck and rail service including a wide variety of trailers and containers, as well as a certified truck and rail scales. The Project includes the construction of a headquarters building, warehouse, maintenance facility, scales, parking lots, and landscaping along North Washington Avenue. Additionally, new equipment will be installed including a shear and shredder. Total capital investment for the Rifkin project is estimated to be $18.2 million.

Amy Deprez provided additional information on this project & the recommendation.
Rifkin's expanded business is projected to provide for the retention of 61 full-time manufacturing positions, and the creation of 15 new, full-time manufacturing positions, paying an average hourly wage of between $14-$17/hour. Rifkin Scrap Iron will be or has received the following for additional incentives related to this project: MDEQ environmental assessments $350,000; Economic Development Corporation of the County of Saginaw $1,000,000 grant through the DEQ Clean Michigan Initiative Brownfield Redevelopment Program and MDOT grant funds for railway and rail way switches. The project will be located within a Renaissance Zone that expires in 2012. Additionally the project is expected to receive a MDEQ TIF for $2,063,100 in eligible DEQ activities and two small MBT credits will be approved for this project. Project 1 includes $10 million in eligible investment and a credit of up to $1.25 million. Project 2 includes $4.3 million in eligible investment and a credit of up to $535,433.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $282,800, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $125,150.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-154. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-155: Morrison Investment Group
Kelly Rogers, MEDC Manager of Business Development and Attraction, introduced the guest presenters who provided background information on the company and this project: Greg Morrison, President & A.J. Morrison, Vice President – Morrison Investment Group; Joseph Berlin – BLDI, Inc.
Work Plan Request: The City of Wyoming's Brownfield Redevelopment Authority has submitted a work plan request for the approval of $98,607 in local and school tax capture.

Morrison Investment Group proposes to redevelop a blighted property, located at 4599 Herman SW in the City of Wyoming, for use as a work area for Control Tech Manufacturing (CTM), a division of Cisco Inc. The property will be owned by Morrison Investment Group and will be leased to CTM, who will utilize the property to remanufacture electronic controls for lift trucks and forklifts in association with Caterpillar and for staff involved in contracting. The contents of the building, including interior walls and roof, will be demolished as part of this project. A new roof, office area, work area and clean room will be constructed as part of the redevelopment.

Amy Deprez provided additional information on this project & the recommendation.
Investment for the total project is anticipated to be $200,000 to $250,000 in the next year. In addition to the TIF request, the proposed project is also requesting a Mini Brownfield Redevelopment MBT Credit of approximately $27,123.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $98,607, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $49,304.

Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2008-155. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

BROWNFIELD MBT CREDIT AMENDMENTS:

Resolution 2008-156: Michigan Street Development, LLC

Peter Anastor provided background information on the company and this action.

The MEGA Board approved a Large Brownfield Redevelopment MBT credit for Michigan Street Development, LLC on August 1, 2005. The original project consisted of Eligible Investment up to $75 million with a total credit not to exceed $7.5 million. The original project included four buildings containing approximately 700,000 square feet of medical office space and parking structures. However one of the buildings that is part of the project is the new Secchia Center and will not be included as part of the investment towards this tax credit. The developers are not requesting any extension of time to complete all phases of the project and the total amount of MBT tax credits will not increase as a result of this amendment.

Recommendation: MEDC staff recommends approval of the amendment request to change the Michigan Street Development project to a two-phase project. The MBT Brownfield Redevelopment Credits will remain at 10% of eligible investment, not to exceed a $7,500,000 credit for the Michigan Street Development project.

Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit Amendment request and recommends approval.* Mr. Mason asked if there were any questions from the Board. *Ms. Shinn questioned the reduction in square footage but no reduction in the dollar amount of the credit. Mr. Anastor explained that even though the size of the project was reducing, the company would still be investing the same amount that was originally approved by the Board.* Being no more discussion, **Mr. Buckler made a motion for approval of Resolution 2008-156. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-157: Piquette Square LDHA, LP

Peter Anastor provided background information on the company and this action.

The MEGA Board approved a Large Brownfield Redevelopment MBT credit for the Piquette Square project in Detroit on December 18, 2007. This project is the redevelopment of the site of the former Studebaker manufacturing facility (1921-1937), the Detroit Artillery Armory (1937-1949), and a succession of industrial occupants since then. In 2005 it housed a meat market, a warehouse and an auto repair facility when it was destroyed by fire and demolished. The redevelopment will involve construction of a three story building with 150 units of supportive housing targeted for homeless veterans. The project was approved for Eligible Investment up to $17,798,117 and a credit not to exceed $1,779,812.

Piquette Square is now requested the project be amended to increase the eligible investment and therefore increase the overall credit amount. Recent changes to Section 437 of the Michigan Business Tax Act allow for the increase of a tax credit for a project, if that project has not begun eligible hard cost investment. The amendment would increase the eligible investment from $17,798,117 to $19,597,417, thus increasing the corresponding credit to $1,959,742, an increase of $179.930. There will be no increase in the level of credit as that will remain at 10% of the eligible investment. The developers are not seeking additional time for the completion of the project and anticipate having all investment completed by 2012.

Recommendation: MEDC staff recommends approval of the amendment request to increase the total eligible investment to $19,597,417, with an amended maximum credit amount of 10% of the new eligible investment, not to exceed a $1,959,742 tax credit.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit Amendment request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2008-157. Mr. DuBose seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

HYBRID TECHNOLOGY TAX CREDIT REAUTHORIZATIONS:
Resolution 2008-158: Hybrid Technology Tax Credit Reauthorization – General Motors
Resolution 2008-159: Hybrid Technology Tax Credit Reauthorization – Chrysler
Resolution 2008-160: Hybrid Technology Tax Credit Reauthorization – BMW
Peter Anastor provided background information on the company and this action.
In 2006, the Michigan Legislature passed legislation to provide a "MEGA-like" SBT credit to incent automobile companies to develop a two-mode full hybrid propulsion system at a site in Troy. The legislation called for MEGA to enter into an agreement prior to April 1, 2007 detailing the terms and conditions of the tax credit. The Act provides a credit of 3.9% of the compensation (as defined in the SBT Act and now under the MBT Act) paid for services performed in support of the research and development effort at the "qualified" facility in Troy. Section 450 of the MBT specifically locks the rate at 3.9% even though the MBT has increased the State Income Tax Rate to 4.35%.

These credits were authorized for 10 years beginning with the company's tax years ending December 31, 2006 by both statutes. Initially, the credits could only be authorized through 2007 in the agreement due to the impending repeal of the SBT. The maximum amount of the credit was limited to $3 million a year per company. This was reduced to $2 million per Section 450 of the MBT (Act 36 of 2007). In order to qualify for the credit, the research and development conducted must be on a hybrid propulsion system, the primary purpose of which is the propulsion of a motor vehicle.

The MEGA Board approved General Motors Corporation, Chrysler L.L.C. (f/k/a Daimler Chrysler Corporation), and BMW Hybrid Technology Corporation for these credits on March 13, 2007. Each have utilized the credit for the 2006 and 2007 years.

Recommendation: The Resolution brought before the board aligns the authorization previously approved under the SBT with new legislation under Section 450 of the MBT. In addition, the resolution authorizes the MEGA Board Secretary to modify the agreement on the Board's behalf in order to make necessary technical changes which will bring the agreement into alignment with this new legislation.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Hybrid Technology Tax Credit Reauthorization request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-158. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused Then, **Mr. Garcia made a motion for approval of Resolution 2008-159. Mr. DuBose seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused Finally, **Mr. Buckler made a motion for approval of Resolution 2008-160. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

DISCUSSION: Mr. Mason asked if there were any additional items to be discussed. There was no additional discussion.

<u>ADJOURNMENT:</u> Mr. Buckler made a motion to adjourn the November 24, 2008 meeting. Mr. Garcia seconded the motion. The motion carried unanimously – 6 ayes; 0 nays; 0 recused The meeting adjourned at 11:30 a.m.