MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
DECEMBER 15, 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 December 15, 2008.

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

MEMBERS ABSENT: Cullen DuBose; Faye Alexander Nelson

CALL TO ORDER: Mr. Epolito called the meeting to order at 9:07 a.m.

APPROVAL OF MINUTES: Mr. Epolito asked for a motion to approve the November 24, 2008 meeting minutes. **Ms. Shinn motioned approval of the minutes. Mr. Garcia seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused

PUBLIC COMMENT: Mr. Epolito opened the floor for public comment. There was no public comment.

HIGH-TECH MEGA CREDIT / ANCHOR NEW JOBS / ANCHOR DISTRICT DESIGNATION:

Penny Launstein, MEDC Site Selection and Special Projects Manager, introduced the guest presenters who provided background information on the company and the following three resolutions: Brian Tessin, Tax Manager – Dow Corning Corporation; Steve Jonas, Executive Vice President – Saginaw Future, Inc.

Resolution 2008-161: Hemlock Semiconductor Corporation – High-Tech MEGA Credit

Hemlock Semiconductor Corporation (HSC) is the leading Global supplier of polycrystalline silicon to the semiconductor and photovoltaic industry (solar power). HSC began manufacturing in Hemlock, Michigan in 1961. Growing demand for silicon in the electronic era led to HSC's doubling its production capabilities three times in the 1960's. HSC tripled its production capacity in 1986 after completing its largest expansion and implementing new technology. Expansions nearly doubled capacity in 1994 and 1995, 1998 and again in 2008. The most recent expansion started in 2007 and will again almost double the capacity of the site. Hemlock Semiconductor Corporation currently has 639 employees in Michigan.

HSC proposes to expand its existing polycrystalline silicon manufacturing facility in Thomas Township in Saginaw County. The polycrystalline silicon business is very strong today and is being driven primarily by high growth in the solar energy power industry. The solar industry has been growing at an annual rate of 35% for the last 10 years, and the long-term growth forecasts remain strong due to the Kyoto Accord and various incentives provided by governments around the world. Since HSC is the global industry leader in supplying silicon to this rapidly growing industry, the customers have demanded further expansion. Dow Corning Corporation, Shin-Etsu Handotai, and Mitsubishi Materials have now approved a very large expansion somewhere in the USA, or abroad, to meet this strong demand.

Resolution 2008-162: Hemlock Semiconductor Corporation – Anchor Jobs Credit

Resolution 2008-163: Hemlock Semiconductor Corporation – Anchor District Credit
HSC has influential professional relationships with owners, key executives and decision makers at many of the major, global semiconductor and solar companies. These solar companies and HSC envision the development of an industrial zone which affords close technical and manufacturing collaboration.
The products produced by HSC include hyper-pure polycrystalline silicon (polysilicon) and various silanes used in both solar and electronic applications. These products are "critical" raw materials used by these major companies. Therefore, a significant number of these companies have expressed a strong desire to co-locate near HSC to enhance supply chains and allow for technical (Research and Developmental) collaboration with HSC's engineers and scientists.

These designations will provide tax incentives to HSC for attracting and influencing their customers and suppliers to locate in Michigan. The Anchor New Jobs and Anchor District incentives will be based on the number of qualified new jobs created and qualified investments made by authorized suppliers, as defined in the Act. At this time, the company is not bringing any suppliers or customers they hope to attract, but they expect to bring the first companies in to be authorized as qualified suppliers and customer in the first quarter of 2009.

Greg West, MEDC Project Specialist, provided additional information on this project.
Total investment over five years will be approximately $1.2 billion. This project will create 190 new jobs with an average weekly wage of $879. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent High Technology employment tax credit for 20 years, for up to 190 net new employees. In addition, staff recommends approval of an Anchor New Jobs designation and Anchor District designation, each for the maximum designation of 5 years.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit, Anchor Jobs Credit, and Anchor District Credit requests and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-161. Ms. Shinn seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused. Then, **Mr. Garcia made a motion for approval of Resolution 2008-162. Mr. Lockwood seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused. Finally, **Ms. Shinn made a motion for approval of Resolution 2008-163. Mr. Lockwood seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused.

STANDARD MEGA CREDITS:
Resolution 2008-164: Faurecia Interior Systems, Inc.
Kasey Bracken, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Mike Kamsickas, Vice President – Faurecia Interior Systems, Inc.; Jeffery Bremer, Manager – City of Fraser; Robert Tess, Manager – Macomb County Department of Planning and Economic Development.
The global Faurecia Group is the world's eighth largest Tier I supplier of automotive components to the global Original Equipment Manufacturers (OEM), with its worldwide headquarters in Nanterre, France. The Faurecia Group supplies OEMs with automotive seating, exhaust systems, front end modules and interior systems. Faurecia USA Holdings, Inc. currently has 1,817 employees in Michigan. General Motors has awarded Faurecia Interior Systems two new contracts to manufacture and supply instrument panels beginning in mid-to-late 2009, for vehicles that GM will assemble at its Ingersoll, Ontario, Canada, plant. Faurecia can place this new

manufacturing activity at one of two existing manufacturing plants, one of which is located in Ontario and the other is in Fraser, MI. The new contracts would require a physical expansion of the Fraser plant. GM will also invest an additional $9 million of GM owned tooling at the Fraser manufacturing plant.

Greg West provided additional information on this project.
Total investment for Faurecia over five years will be approximately $8.875 million. This project will create 82 new jobs with an average weekly wage of $601. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends an 80 percent employment tax credit for seven years, for up to 82 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. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-164. Mr. Lockwood seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused

Resolution 2008-165: Northern United Brewing, LLC
Kelly Rogers, MEDC Michigan Retention and Growth Manager, introduced the guest presenters who provided background information on the company and this project: Jon Carlson, Manager and Gregory Lobdell, Manager – Northern united Brewing, LLC; Vince Nystrom, Managing Director of Business Development – Ann Arbor SPARK; Tino Breithaupt, President – Traverse City Area Chamber of Commerce.
Northern United Brewing, LLC, formed as a Microbrewery and manufacturing company, intends to manufacture and bottle beer, distilled spirits, and wine. It has not manufactured to date, but has secured contracts to manufacture the brands of three different companies: Grizzly Peak Brewing Company in Ann Arbor, North Peak Brewing Company in Traverse City, and Jolly Pumpkin Brewery. Northern United Brewing, LLC currently does not have any employees related to the manufacturing in Michigan.

Josh Hundt, MEDC Project Specialist, provided additional information on this project.
The company anticipates hiring 158 full-time employees over the next five years that pay an average weekly wage of $707. The company will also offer healthcare benefits and pay a portion of the benefit costs. Total capital investment related to this project is expected to be approximately $5.8 million.

Recommendation: MEDC staff recommends a 70 percent standard employment tax credit for seven years, for up to 158 new jobs, in addition to the statewide employment base of 0.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-165. Mr. Lockwood seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused

[Mr. Buckler joined the meeting in person.**]**

Resolution 2008-166: VWG, LLC dba White & Green Motors
Kelly Rogers and Susan Novakoski, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Marc Ryder, CEO – White & Green Motors; Jamie Davidson, Mayor and William LeFevere, Manager – City of Eaton Rapids.
In August, Von Weise announced that it would cease all operations in Eaton Rapids as of December 2008. Earlier this year Von Weise received approval for a MEGA tax credit in which the project folded prior to activation. The project included in this memo is in partial response to that closure. VWG, LLC was established in September to acquire the starter and recoil division of Von Weise and as part of the acquisition all of the real property and facilities located in Eaton

Rapids and the starter and recoil division assets were acquired by VWG. Pursuant to a transition agreement, VWG has been operating the starter and recoil division, utilizing Von Wiese employees, while making a business case to locate the work in Eaton Rapids or elsewhere. The company currently has no associates in Michigan.

Amy Deprez, MEDC Project Specialist, provided additional information on this project.
VWG is proposing to operate the starter and recoil division at the former Von Weise location in Eaton Rapids, over alternative locations, and anticipates creating approximately 122 new jobs over the next five years, paying an average weekly wage of $561. The project would require a capital investment of $3.5 million. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard employment tax credit for 7 years, for up to 122 net new employees, over a statewide employment base of 0.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-166. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-167: ZF Group North America Operations, Inc.
Jeff Sand, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Bryan Johnson – ZF Group North America Operations; Daniel Coss, Director of Economic Development – City of Marysville.
ZF Group North American Operations, Inc. (ZFG) and its subsidiaries manufacture and assemble automotive components and systems sold to various OEMs. The company currently has operations in Lapeer and Northville and has approximately 459 associates in Michigan. ZFG and selected subsidiaries propose leasing part of the facility that Chrysler has under construction in Marysville to manufacture axles and axle components for Chrysler and other manufacturers. In addition, the company has indicated that an expansion at their Lapeer facility may be necessary to accommodate increased production.

Amy Deprez provided additional information on this project.
Overall, the project will create an additional 475 jobs over the next five years, paying an average weekly wage of $500 and will include a capital investment of $143.4 million. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard employment tax credit for 10 years, for up to 475 net new employees, over a statewide employment base of 459. Provided that ZF has a minimum of 325 qualified new jobs at the Marysville facility by the end of 2011, failure to do so will result in the credit 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. Epolito asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2008-167. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

HIGH-TECH MEGA CREDITS:

Resolution 2008-168: Fisher Coachworks, LLC
Jerome Katz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Greg Fisher, Founder and CEO, Griffin Burgh,

COO, and John Van Alstyne, Vice President of Marketing – Fisher Coachworks, LLC; Bruce Emmons, President – Autokinetics; Jeff Bryant, Economic Development Director – City of Livonia.
Early in 2008, Fisher Coachworks announced plans to bring a family of innovative lightweight chassis designs to market. The guiding principles for this new venture include a commitment to ultra-weight, high-quality, 100% recyclable chassis materials designed to provide exceptional fuel economy, safety, and service life. By applying a robust total vehicle optimization engineering methodology, the resultant transit bus design is half the weight and delivers three times the fuel economy of diesel powered vehicles and twice the fuel economy of current hybrids in the market. This start up company currently has no associates in Michigan.

Fisher Coachworks proposes establishing a facility in Livonia for the production of this ultra-lightweight, high-quality, fuel efficient, mass transit bus. The value proposition for the Fisher Bus over its competitors includes; the use of a hybrid engine, increased passenger seating/space, three times the fuel economy over diesel powered vehicles, two times the fuel economy in other hybrid powered vehicles, total decrease in the cost of ownership of 211% over diesel vehicles and 180% over other hybrid vehicles over a 12 year period (based upon first cost, energy, and maintenance), and a lower energy cost per mile.

Amy Deprez provided additional information on this project.
The project will result in the creation of 539 new jobs over the next five years, paying average weekly wages of $1,327. The total capital investment associated with this project will be approximately $7 million, including lease costs and personal property. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent 10 year high technology employment tax credit for up to 539 net new employees, in addition to the established statewide employment base of 0.
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. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-168. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-169: FKA Distributing, Inc. dba HoMedics, Inc.
David Kurtycz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Michele Bain, CFO and Bill Carroll – FKA Distributing, Inc.; Irene Spanos, Senior Business Development Manager – Oakland County; Kathleen Cassidy – Commerce Township.
HoMedics, Inc. has continued its dominance by internal growth and external acquisitions of companies and brands. In 2008, HoMedics entered into a joint venture agreement with PowerMat, Inc. PowerMat developed a new technology that provides a wireless charging device for the use with portable devices such as mobile phones and computers. As a result of this joint venture and additional growth, HoMedics needs to add to their existing team as well as add new professional and technical staff in product development with specialties in research and assessment, electrical engineering, industrial design and quality assurance. HoMedics has an opportunity to build a new building adjacent to their world headquarters to house their growing technical staffing needs.

Marcia Gebarowski, MEDC Project Specialist, provided additional information on this project.

Total investment for FKA Distributing, Inc. d/b/a HoMedics, Inc. over five years will be approximately $11 million. This project will create 62 new jobs with an average weekly wage of $1,416. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent, 7-year high-tech tax credit for up to 62 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. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-169. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-170: Global Wind Systems, Inc.
Jim Donaldson, MEDC Program Manager, introduced the guest presenters who provided background information on the company and this project: Christopher Long, CEO and Vince Callaghan, CFO – Global Wind Systems, Inc.; Ara Topouzian, Economic Development Manager – City of Novi; Irene Spanos, Senior Business Development Manager – Oakland County.
Global Wind Systems Inc. (GWS) is an OEM for a 1.5 Mega Watt Wind Turbine Generation System. The GWS 1500|70 is a utility scale wind turbine that is ideal to serve community and utility projects from one unit to 50 Mega Watt and will be the first Wind Turbine Generator (WTG) with 100% manufacturing content sourced in the United States with specific focus in the Michigan and Great Lakes Region. Global Wind Systems Inc. currently has 0 employees in Michigan. GWS is a start-up Wind Turbine Generation System OEM company that plans to locate their first site in Novi. The lead time for manufacturing and delivery of the GWS 1500|70 will be 12-18 months. Developers of wind farm projects will have access to Wind Turbine Generation systems within timelines that match their project financing and total cost of ownership requirements.

Marcia Gebarowski provided additional information on this project.
Total investment for GWS over five years will be approximately $32.3 million. This project will create 356 new jobs with an average weekly wage of $1,095. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent nine year high-technology employment tax credit for up to 356 net new employees, over the company's employment base of 0. Failure to create the 356 jobs by the end of year six will void the remaining three years of the tax credit.
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. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-170. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-171: Hart & Cooley, Inc. (High Wage)
Karen Hinkle, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and project: Bernard Roy, President and Steve Zylman, Financial Projects Manager – Hart & Cooley, Inc.; William Cousins III, Manager – Cascade Charter Township; Susan Jackson – The Right Place.
Hart & Cooley, Inc., a subsidiary of Tomkins plc, was acquired in 2000 by Tomkins to compliment the company's existing airflow product business. The company originated in 1892 in Chicago as the first cold-rolled steel plant west of Pittsburgh. The company moved to Holland,

Michigan in 1928 and became the world's leading manufacturer of warm air registers. The company's product line has expanded greatly since then and includes vents, grilles, duct systems, dampers and much more. Hart & Cooley, with corporate headquarters in Grand Rapids (Cascade Township), has manufacturing and distribution sites strategically located across the US, Canada and Mexico. Currently, the company has 111 associates in Michigan.

The company will be consolidating US operations to more centrally locate sales management, finance, accounting, research and development, customer service, advanced engineering and other technical functions. To support the restructured business, the company proposes expanding its Grand Rapids (Cascade Township) operations.

Amy Deprez provided additional information on this project.
The project will result in the creation of approximately 48 new jobs over the next five years, paying an average weekly base wage of $1,257, and will include a capital investment of $3.9 million. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent 10 year high-wage technology employment tax credit for up to 48 new employees, in addition to the established statewide employment base of 111.
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. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-171. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-172: Kongsberg Automotive
David Kurtycz introduced the guest presenters who provided background information on the company and project: Brian Scholfield, Director of Strategic Planning and Douglas Wheeler – Kongsberg; Charles Holmes, Sr. Business Development Manager – Oakland County; Ara Topouzian, Economic Development Manager – City of Novi.
Kongsberg is a global leader in the design, validation and manufacture of motion control and seat comfort systems, seat heating systems, seat ventilation systems, as well as arm rest and head restraints for the global automotive industry. In the heavy vehicle segment, Kongsberg is a global leader in the design and development of hydraulic and electric gear shifters, cable systems, servos and master cylinders for heavy duty trucks, buses and off-road vehicles. Fluid systems, pedals and couplings round out Kongsberg's portfolio of products. Kongsberg Automotive is headquartered in Kongsberg Norway, with North America headquarters in Farmington Hills, Michigan. Kongsberg Automotive currently has 94 employees in Michigan.

Kongsberg Automotive currently has a decentralized global Technical Center footprint. The company has Technical Centers in Geelong, Australia; Willis, Texas; Limerick, Pennsylvania; Troy and Farmington Hills, Michigan. This project combines the Technical Centers into one location, which will bring competitive advantage to Kongsberg Automotive allowing Kongsberg to have their Automotive Systems R&D activities centralized in an efficient center of excellence. The expanded Technical Center will consolidate the product development and research and development activities, product validation laboratories, new program management functions, sales and administration activities.

Marcia Gebarowski provided additional information on this project.

Total investment for Kongsberg over five years will be approximately $4.4 million. This project will create 58 new jobs with an average weekly wage of $1,086. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent 7 year high technology tax credit for up to 58 net new employees, above the company's established statewide employment base of 94.
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. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-172. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-173: Novixus, LLC (High Wage)
David Kurtycz introduced the guest presenters who provided background information on the company and this project: Lynn Gandhi – Honigman Miller; Chris DeWitt – Spokesperson; Ara Topouzian, Economic Development Manager – City of Novi; Irene Spanos, Senior Business Development Manager – Oakland County.
Novixus, LLC will be the first national global distribution and services center for mail-order and internet fulfillment prescription pharmaceuticals and ancillary medical devices to be located in Michigan. Novixus, LLC was formed by Frank W. Kerr Company which was founded in 1913, and was acquired by its current management in 1951. Its primary focus has been on wholesale prescription fulfillment to local drugstores and national drugstore chains. Novixus, LLC currently has no employees in Michigan. However, Frank W. Kerr Company currently has 133 employees in Michigan. Novixus, LLC is considering opening their national distribution and services center in the City of Novi. The center would offer central fill capability for retail pharmacies across the Midwest. Legislation permitting such facilities in Michigan was passed in 2006, and this facility would be the first developed in the state to compete with other facilities nationwide.

Josh Hundt provided additional information on this project.
The proposed project will fill an existing building that is not being used to capacity. The project will create 45 jobs in the first year and 192 jobs over the next five years paying an average weekly wage of $1,323. The company will also offer healthcare benefits and pay a portion of the benefit cost. The total capital investment related to this project is expected to be $3.4 million.

Recommendation: MEDC staff recommends a 100 percent high-wage employment tax credit for 7 years for up to 192 new employees in excess of Frank W. Kerr's four quarter average of 140 full-time 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. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-173. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>BROWNFIELD MBT CREDIT:</u>
Resolution 2008-174: Golden Rectangle, LLC
Joseph Martin, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Daniel Cassidy – CPG Soil and Materials Engineers, Inc.; William Merriweather and Gerald Johnson – Made in Detroit/Golden Rectangle, LLC; Mariangela Pledl – Detroit BRA.

The project known as Ten Fifteen Spruce entails the redevelopment and conversion of the Albert Khan designed Detroit Creamery Building and surrounding areas into a luxury residential complex. The project is conveniently located at the interchange of the John C. Lodge Freeway U.S. 10 and the Fisher Freeway U.S. 75 in Detroit. The project will convert the primary building into 93 luxury loft condominiums and convert a secondary building into a common area with a swimming pool and fitness center. The architectural design of Ten Fifteen Spruce will compliment the Motor City Casino that lies across the Lodge Freeway to the west. The condos will range in size from 1,000 square feet to over 3,500 square feet, with 65% of the units having direct access to the outdoors.

Peter Anastor, MEDC Manager of Community and Urban Development, provided additional information.
The development will result between 10 to 20 full-time jobs associated with the fitness center. The total eligible investment is expected at just over $20 million. The brownfield plan identifies nearly $1.8 million in state and local capture to reimburse the cost of environmental and non-environmental activities. It is anticipated a Work Plan will be submitted for consideration by the MEGA. The project is also part of a designated Neighborhood Enterprise Zone, which will freeze property taxes until 2021.

Recommendation: MEDC staff recommends designation as an Urban Development Area Project and approval of a 20% MBT Brownfield Redevelopment Credit, not to exceed $4,055,000.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-174. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-175: Scripps Park Associates, LLC
Joseph Martin introduced the guest presenters who provided background information on the company and this project: John Frasco – Scripps Park Associates, LLC; Richard Barr, Attorney – Honigman Miller; Mariangela Pledl – Detroit BRA.
The development team known as Scripps Park Associates, LLC is collaborating with the Detroit Housing Commission and the City of Detroit to redevelop an abandoned public housing development built in 1946 into 180 rental (public and affordable) townhouses. The rental housing component of the project will be made available for families with incomes less than 60% of the median income. This project will be developed in three phases; with 61 units in Phase I, 59 units in Phase II, and 60 units in Phase III. Total Capital Investment is expected to reach over $35 million of which $23,592,909 is expected to be eligible investment.

Peter Anastor provided additional information on this project.
The City will offer a Payment in Lieu of Taxes (PILOT) for this project. Several other incentives, including Federal Hope VI Funds, Low Income Housing Tax Credit Equity, City of Detroit Infrastructure Funding, and the City of Detroit Replacement Housing Factor Funds will make this project feasible.

Recommendation: MEDC staff recommends designation as an Urban Development Area Project and approval of a 20% MBT Brownfield Redevelopment Credit, not to exceed a $4,718,582 credit.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-175. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-176: Severstal North America, Inc. – Hot Dip Galvanizing Line (Project A)
Resolution 2008-177: Severstal North America, Inc. – Pickle Line Tandem Cold Mill (Project B)
Aaron Young, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Ron Nock, CEO, Michael Tuomey, Taxation and Risk Services Director of Corporate Accounting, and William Wednieski, Director of Taxation – Severstal North America, Inc.; Barry Murray, Director of Economic and Community Development and Amina El-Husseini, Senior Economic Development Assistant – City of Dearborn.
SeverStal North America, Inc. (SNA) is primarily engaged in the production of high quality, flat-rolled carbon steel products consisting of hot-rolled, cold-rolled and galvanized steel. SNA is the fifth largest integrated steelmaker in the U.S., with approximately 200 customers in automotive, converter, service center and other end user markets. Since 2005, SNA has been in the process of undertaking a major capital investment to rehabilitate, modernize and enhance the aging, obsolete and inefficiently laid out facilities in Dearborn to improve its integrated steel mill. Specifically, over the next five years SNA plans to demolish an existing slab mill, oxygen plan and a portion of a parking lot and undertake other site preparation costs, totaling $25-$38 million in order to provide sufficient space to accommodate the projects related to the investment.

Two projects are included for consideration within this briefing memo. First, is Project A which includes construction and installation of a Hot Dip Galvanizing Line at an estimated investment of $245 million. Secondly, is Project B which includes construction and installation of an upgraded Tandem Cold Mill and Pickling Line at an estimated investment of $275 million.

Amy Deprez provided additional information on these projects.

The company has requested local only Tax Increment Financing from the City of Dearborn Brownfield Redevelopment Authority sufficient to reimburse the company for approximately $25-$38 million in eligible activities. The City of Dearborn is also considering a PA 198 Property Tax Abatement for capital investments identified in this application. In addition, the company is expected to seek future tax increment financing, including state capture, in early 2009 for the demolition of the powerhouse on the SNA property.

Recommendation: MEDC staff recommends approval of a MEGA MBT Brownfield Redevelopment Credit of up to 12.5% of the eligible investment not to exceed a $30,000,000 credit for Project A. Further, staff recommends approval of a MEGA MBT Brownfield Redevelopment Credit of up to 12.5% of the eligible investment not to exceed a $10,000,000 credit for Project B, provided that the following contingencies are met: At the time that the credits for Project A and B are requested, the employment at the Dearborn facility must be at least 1,500 employees. Additionally, for collection of the credits for Project A and B the applicant must continue to actively work to resolve issues that have been raised by the recent Michigan Occupational Safety and Health Administration (MIOSHA) case #308830280 and receives a satisfactory closure of case #308830280.

Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit requests and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-176. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused. Then, **Mr. Buckler made a motion for approval of Resolution 2008-177. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused.

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

Resolution 2008-178: Pine Street Development ONE (Grand Traverse County) – Brownfield MBT Credit

Resolution 2008-179: Pine Street Development ONE (Grand Traverse County) – Work Plan Approval

Joe Agostinelli, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Gerald Snowden – Snowden Companies; Jean Derenzy – Grand Traverse County Brownfield Redevelopment Authority; Brian Crough, Director – Traverse City Downtown Development Authority; Steve Willobee – NTH Consultants.

RiverWest is a new mixed-use development located at 305 W. Front Street, Traverse City, Grand Traverse County. The project will seek LEED certification and consist the construction of a 140,000 square foot building that will be redeveloped over two phases. Phase 1 will include $15.2 million in Eligible Investment and contain a mix of uses including a 50,000 square foot multi screen cinema, 20,000 square feet of retail/commercial/dining space and a 200 space parking deck. Phase 2 will include $13 million in Eligible Investment and add additional office, commercial, and/or residential space.

Work Plan Request: $1,646,626

Peter Anastor provided additional information on this project.

Overall, the project is expected to create 175 jobs at an hourly wage of $9 to $15 per hour. The total capital investment at the site is expected to be $33,000,000, while the total eligible investment is expected to be $28,200,000. The total MEGA Eligible Activities is anticipated to be $1,646,626. The Traverse City DDA is supporting the project with approximately $2,423,050 of TIF generated by the project. The Michigan Department Environmental Quality is supporting the project with $362,365 to address environmental related eligible activities.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $1,646,626 described above. Utilizing the state to local capture ratios described above, the amount of school tax capture for this project is estimated at $1,481,963. Staff also recommends designation of the project as an Urban Development Area Project and approval of a 20% MBT Brownfield Redevelopment Credit, not to exceed a $5,640,000 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. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-178. Ms. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused. Then, **Mr. Buckler made a motion for approval of Resolution 2008-179. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused.

Resolution 2008-180: 601 Forest, LLC (Washtenaw County) – Brownfield MBT Credit
Resolution 2008-181: 601 Forest, LLC (Washtenaw County) – Work Plan Approval
Deborah Stuart, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Patricia Fix, CFO, Daniel Ketelaar, Partner, and Ronald Hughes, CEO – 601 Forest, LLC; John Byl, Attorney – Warner Norcross; Patricia Denig, Director of Planning Services – Washtenaw County; Matt Naud, Environmental Coordinator – City of Ann Arbor.
The project will consist of four parcels located within the City of Ann Arbor, currently used for commercial purposes. The proposed redevelopment will consist of a 14-story building with retail at ground level, mixed office/residential on the second floor, and residential on the remaining floors. The building will contain approximately 170-180, marketed primarily to University of Michigan students. Parking for this development will be provided within a two level below grade garage and at ground level.
Work Plan Request: $4,760,960

Peter Anastor provided additional information on this project.
The project with result in the creation of 70-80 permanent new jobs with a total capital investment estimated at $82.8 million for the complete redevelopment of the site. The City of Ann Arbor is supporting this project with local Brownfield TIF capture of approximately $6,200,874. This project will be seeking MDEQ TIF to assist with environmental related activities estimated at $3,501,250.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $4,760,960, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $2,018,647. Staff also recommends designation as an Urban Development Area Project and approval of a 20% MBT Brownfield Redevelopment Credit, not to exceed $10,000,000.
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. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-180. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused. Then, **Ms. Shinn made a motion for approval of Resolution 2008-181. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused.

WORK PLAN APPROVAL:
Resolution 2008-182: Former Greater Detroit Hospital Redevelopment (City of Detroit)

Joseph Martin introduced the guest presenters who provided background information on the company and this project: Dr. Mohamad Issa – D&H Medical Plaza, LLC/Senior Serenity, LLC; Richard Barr, Attorney - Honigman Miller; Mariangela Pledl – Detroit BRA.

The property is the redevelopment of the former Greater Detroit Hospital, which closed in 2000. The project is located on Carpenter Road between Mitchell and Charest Street and consists of two parcels, with each development parcel including multiple tax parcels. The redevelopment will also take place on the adjacent and contiguous parking lots. The abandoned hospital building on Parcel A will undergo a complete interior demolition and be redeveloped into a modern medical office. The hospital annex on Parcel B will also be completely gutted to make room for a 24-hour assisted living facility. In addition to the interior demolition, other eligible activities that will be undertaken as part of this project include exterior demolition of the parking lots, lead and asbestos abatement, and site grading.

Work Plan Request: The City Detroit's Brownfield Redevelopment Authority has submitted a work plan request for the approval of $1,065,493 in local and school tax capture.

Peter Anastor provided additional information on this project.

The total capital investment for office building on Parcel A is anticipated at $8.9 million, with the total capital investment for the assisted living anticipated at $9.5 million. Total job creation is expected to reach between 221 and 251 new jobs as a result of the development. Both the medical office building and assisted living building have been invited by the MEDC to submit an application for an MBT Brownfield Redevelopment Credit. In addition, both buildings will be granted an Obsolete Property Rehabilitation Certificate, freezing taxes for 12-years. Lastly, the buildings will enter the Wayne County TURBO program, resulting in the refund of one-half of the taxes on the real property.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $1,065,493, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $770,146.

Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-182. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-183: Robinson Lake, LLC (City of Grand Rapids)

Joe Agostinelli introduced the guest presenters who provided background information on the company and this project: Guy Bazzani, President and CEO – Bazzani Associates; Baird Hawkins – Lake Drive Development, LLC; Kara Wood, Economic Development Director – City of Grand Rapids; John Byl, Attorney – Warner Norcross.

The project will be located in Grand Rapids and involves completely demolishing the existing building on site and replacing it with a new building consisting of retail on the first floor and 16-18 residential apartments on the 2nd and 3rd floor. Associated surface parking will also be constructed.

Work Plan Request: The City of Grand Rapids' Brownfield Redevelopment Authority has submitted a work plan request for the approval of $364,050 in local and school tax capture.

Peter Anastor provided additional information on this project.

The project is expected to create 12-30 new jobs with an average hourly wage of $8-$20 per hour. The total Capital investment is anticipated to be $3,100,000, while the total Eligible investment is anticipated to be $2,969,000. The developer is requesting a MBT credit of up to $593,800, based on 20% of eligible investment.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $364,050, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $192,946.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2008-183. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-184: 701 Front Street, LLC (Grand Traverse County)
Joe Agostinelli introduced the guest presenters who provided background information on the company and this project: John Byl, Attorney – Warner Norcross; Jean Derenzy, Grand Traverse County Brownfield Redevelopment Authority; Tino Breithaupt, President – Traverse City Area Chamber of Commerce.
The applicant will construct a new commercial office building with lower level parking in the City of Traverse City. The new building will provide office space for a variety of medical professionals and revive the currently vacant corner near downtown. The total capital investment anticipated is approximately $4.9 million.
Work Plan Request: The County of Grand Traverse's Brownfield Redevelopment Authority has submitted a work plan request for the approval of $215,645 in local and school tax capture.

Peter Anastor provided additional information on this project.
The project will retain 20 jobs and will likely create one or two new full-time positions at an average hourly wage of $25-30 per hour. The total capital investment anticipated is approximately $4.9 million. In addition to the TIF, the developers are also seeking a Brownfield MBT credit estimated at $487,500. An EPA site assessment grant of $24,000 was also utilized on this site. A BEA was not filed during the property acquisition and therefore the developer is not eligible for DEQ TIF. As such, Grand Traverse County BRA is supporting the environmental components of the project via it's revolving loan fund and local TIF. The total local support for environmental remediation is expected to be $700,000.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $215,645 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $103,510.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-184. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

Resolution 2008-185: Chelsea Land Company Maple & Aldi, Inc. (Washtenaw County)
Kent Kukuk, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Anne Jamison – AKT Peerless; Rene Papo – Chelsea Land Company, LLC; Patricia Denig – Washtenaw County; Matt Naud – City of Ann Arbor.
The Development Team of Chelsea Land Company Maple, LLC and Aldi, Inc plan the redevelopment of a site located within the Gateway of Ann Arbor/Washtenaw County in a commercial corridor formerly occupied by auto repair facilities, light manufacturing, electronics repair, retail and a former gasoline station. The project will include the demolition of eight existing buildings, environmental radiation activities, site preparation and the construction of an Aldi Food Center and additional retail shops with associated parking, rain gardens, extensions of

existing sidewalks and streetscapes all of which will be neighborhood oriented focused on serving the residential homes within walking distance of the project.
Work Plan Request: The Washtenaw County Brownfield Redevelopment Authority has submitted a work plan request for the approval of $589,269 in local and school tax capture for the Maple Shoppes Development in the City of Ann Arbor.

Peter Anastor provided additional information on this project.
This redevelopment project is expected to create 25 to 30 new full time jobs with wages ranging from $51,700 for a store manager to $11.00 to $19.00 per hour for positions such as Asst. Store Manager, Shift Managers and Cashiers. It is estimated that capital investment will be $8 million for the redevelopment of this site with $594,194 being eligible for reimbursement. It is anticipated that this project will receive MDEQ TIF reimbursement for eligible activities in the amount of $365,741.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling $589,269 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $253,386.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-185. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>MEGA CREDIT AMENDMENT:</u>
Resolution 2008-186: Xoran Technologies, Inc.
Peter Anastor provided background information on this action. Vince Nystrom, Managing Director – Ann Arbor SPARK was also present as a representative for the company.
Description: On June 13, 2006, Xoran Technologies, Inc. received a High Tech MEGA Tax Credit. Xoran designs and sells small specialized CT (CAT) scanners used by physicians to diagnose patients at their point of care. In 2007, the FDA audited Xoran and recommended specific actions that needed to be taken which effectively required the company to relocate to a new facility. The new facility will allow Xoran to arrange product storage and production functions in specific physical orientations and with appropriate spacing/separation. The company was unable to locate an appropriate building in Ann Arbor. However; they believe they have found an appropriate building in Pittsfield Township. If they can arrange for the transfer of the High Tech MEGA Tax Credit and also for local tax abatements roughly equivalent to those which are currently in place in the City of Ann Arbor, they are likely to stay in Michigan and locate at the Pittsfield Township site.

Recommendation: MEDC staff recommends that the MEGA Board allow Xoran Technologies, Inc. to relocate its “project,” as defined in the agreement, to Pittsfield Township from the City of Ann Arbor without interruption to the current structure or schedule provided that; the company continues to meet all other qualification requirements and provided that the company secures local support similar to that provided by the City of Ann Arbor by the time the move is physically complete.
Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA Credit Amendment request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2008-186. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>BROWNFIELD POLICY:</u>

Resolution 2008-187: Brownfield Interest Approval

Peter Anastor provided background information on this action.

Description: The MEGA Board is authorized to approve the use of taxes levied for school operating purposes to reimburse the costs of certain non-environmental eligible activities requested by local Brownfield Redevelopment Authorities, as well as interest in addition to the principal eligible activities approved under a MEGA Work Plan request. For the past few years, the Board has operated under a "transformational" interest policy which basically limited interest to projects that were regionally transformational in nature. However, it has become clear that a reevaluation of the interest policy is necessary in order to continue to provide support and financial assistance in redeveloping contaminated, blighted and functionally obsolete properties.

Therefore, a revised interest policy is being recommended to the Board that will eliminate the current "transformational" policy and replace it with a broader policy that will allow interest, with MEGA Board approval, for a much more diverse group of redevelopment projects. Interest will only be considered when the local Brownfield authority and municipality supports interest in a locally approved Brownfield plan, and if the project meets a redevelopment priority of the Board.

This change will broaden the current policy substantially so additional recommendations are being made that will allow the Board to cap the rate of interests at 5% and to calculate the rate of interest based on a simple interest calculation determined by the eligible activities being supported for the project. These additional recommendations will provide general guidelines for the Board, but will also allow the Board some flexibility to evaluate each project individually.

Recommendation: MEDC staff recommends the elimination of the current "transformational" interest policy and approval of a new MEGA Brownfield Interest Policy effective January 1, 2009.

Board Discussion: *Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2008-187. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused

<u>DISCUSSION:</u> Mr. Epolito asked if there were any additional items to be discussed. There was no additional discussion.

<u>ADJOURNMENT:</u> The meeting was adjourned at 11:40 a.m.