

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
December 15, 2010

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Wednesday, December 15 2010 at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 North Washington Square, Lansing, Michigan.

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

MEMBERS ABSENT: Cullen DuBose; Douglas Buckler

CALL TO ORDER: At 10:05 a.m. the meeting was called to order by Treasurer Kleine. Mr. Kleine introduced Governor Granholm who entered the room and thanked the companies and communities in attendance. She spoke about the companies before the Board today will help diversify and reinforce the workforce in Michigan. Governor Granholm thanked the companies for choosing Michigan and thanked the MEGA Board and the MEDC for the wonderful job that they continue to do and how grateful the State of Michigan is to have dedicated people working to create all kinds of jobs in all kinds of workforces. The Governor indicated that, if approved by the MEGA Board, 6,293 jobs will be created and retained from this month's meeting. She then asked the MEGA Board to take a quick break to allow a representative from each company to join her and Greg Main for a moment outside of the meeting. The meeting broke at 10:00 a.m. Treasurer Kleine called the meeting back to order at 10:21 a.m.

APPROVAL OF MINUTES: Treasurer Kleine asked for a motion to approve the October 26, 2010 meeting minutes. **Mr. Herman motioned approval of the minutes. Mr. Garcia seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent

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

PROPOSED HIGH-TECH MEGA CREDITS:

Resolution 2010-186: Bright Automotive, Inc.

Kathy Kleckner, MEDC Project Manager, provided background information and introduced the guest presenters; Mike Donoughe, Chief Operating Officer, Bright Automotive, Inc; Dan Casey, Economic Development Director, City of Rochester Hills; and Brian Garnett. Ms. Kleckner also introduced the Mayor from Rochester Hills as well as City Council Member, Mike Webber who were in attendance to show their support for this project.

Mr. Donoughe spoke on how the company was formed through a group of organizations which include, Google, Johnson Controls, Turner Foundation, Alcoa as well as other known companies. They have successfully developed a 100+ mile per gallon plug-in hybrid vehicle called "IDEA". Mike indicated that Bright will bring significant fuel economy advantage solutions improving the efficiency to 40 mpg vs. the traditional 10 to 12mpg. They are pleased to hire 200+ new employees. Mr. Garnett indicated that they also plan on seeking out other ways to use alternative energy. Mr. Kleine asked what makes their electronic vehicle different and what is the target date for production. Mr. Donoughe replied that their vehicle is a Van, so there is no direct competition with car manufacturers with this size of transport vehicle. He also indicated that they will be operational by mid 2013.

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

Mr. Hundt spoke about the company and its plans to invest approximately \$11 million dollars and create 204 new jobs in Oakland County, with 111 jobs created in the first year as a result of this project. The average weekly wage for the newly created jobs will be \$1,511. This facility will serve as the primary location for not only research but design and development of energy efficient vehicles and vehicle technologies.

Recommendation: MEDC Staff recommends approval of a 100% high-technology employment tax credit for five years for up to 204 employees in excess of the company's established base of 0.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High Technology Credit and recommends approval. Karla Campbell, MEGA Board Secretary stated there was one contingency, that the City of Rochester Hills approves a tax abatement for new property related to the project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-186. Mr. Garcia seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-187: It Group, LLC d/b/a Member Driven Technologies

Camille Walker, MEDC Business Development Manager, provided background information and introduced the guest presenters; Larry Nichols, President and CEO; Christopher Kowal, Senior Vice President of Finance; Rochelle Freeman, City of Southfield Business Development Manager; and Mark Adams, Oakland County Senior Business Development Manager.

Mr. Nichols indicated that they are currently doing business for 50 credit unions with \$6 billion in assets. He is thrilled that they have elected to stay in Michigan and happy to report they will hire approximately 151 jobs. Ms. Freeman indicated that the City of Southfield is in support of a 3 year tax abatement and thank you to the State of Michigan, the MEDC and what a great project this is for our city. Mr. Adams said this was a great team effort, Denver, Colorado was a huge competitor for this project and this credit will not only keep them in Michigan, but will also bring 140 employees to Michigan over the next 3 to 4 years to serve the credit unions.

Ken Murdoch, MEDC Grant Specialist, provided additional information and recommendations.

Mr. Murdoch spoke about 101 jobs being created with an average weekly wage of \$976 and a \$64 million dollar investment by the company. It Group qualifies as a high wage business as the company's existing employees are paid more than 300% of the federal minimum wage and wages of the new employees will exceed 300% of the state minimum wage.

Recommendation: MEDC Staff recommends a 75 percent high-technology employment tax credit for five years for up to 101 net new employees in excess of the company's established base of 61.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Karla Campbell, pointed out that there was one contingency—approval of a tax abatement for new property related to the project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-187. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-188: Montaplast of North America, Inc.

Camille Walker, MEDC Business Development Manager, provided background information and introduced the guest presenters; Elizabeth Schroder – Director of Sales, Montaplast; Stephanie Carroll – Coordinator Community Relations, City of Auburn Hills; and Mark Adams – Oakland County, Senior Business Development Manager.

Ms. Schroder spoke about the company which is a German owned company that has been in business for 60 years and has been in Michigan for the past 18. This project will primarily use engineers and technology employees to work towards making vehicles lighter by using plastic injection molded projects and supplying them to the automotive industry. She also stated that Kentucky offered huge incentives but they were really hoping to remain in Michigan. She appreciates the substantial incentives that the State of Michigan has offered as otherwise Kentucky would have been not an option to turn down. Mr. Adams stated that this was a real “Nip-N-Tuck” win between us and Kentucky! Because of the battery and alternative energy progress we have been able to do at these meetings, we are able to keep and incent great companies like this to grow right here at home.

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

Ms. Gebarowski spoke about the project creating 25 jobs with an average weekly wage of \$1,600 and a capital investment of approximately \$2.3 million.

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

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Karla Campbell, pointed out that there was one contingency—approval of a tax abatement for new property related to the project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-188. Ms. Mester seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-189: Toyota Boshoku America, Inc.

Christine Roeder, MEDC Business Development Manager, provided background information and introduced the guest presenters; Ted Schafer, Vice President Technical Center – Toyota Boshoku America, Inc.; and Ara Topouzian, Economic Development Director – City of Novi

Mr. Schafer spoke about the project and how they plan on spending \$3 to \$4 million dollars on this expansion, they will manufacture the interior systems, seats and door trims to name a few for a variety of customers including Toyota and General Motors. Mr. Topouzian indicated that they are happy to have Toyota remain in the area, they are a great company with good engineering and other high tech positions.

Robert Wilson, MEDC Program Specialist provided additional information and recommendations.

Mr. Wilson spoke about the company’s plan to invest \$3.2 million and create 40 jobs with an average weekly wage of \$965. The current Toyota Boshoku America, Inc. location in Novi, Michigan will remain open to provide other services for the company while it plans to consolidate and expand their prototype operations to a new facility also in the City of Novi.

Recommendation: MEDC Staff recommends a 75 percent high-technology employment tax credit for 5 years for up to 40 net new employees in excess of the company’s established base of 142.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there were two contingencies—that the City of Novi pay the MEGA

Application and approves a discounted water tap fee related to the project. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-189. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED STANDARD MEGA CREDITS:

Resolution 2010-190: A.J.M. Packaging Corporation

Penny Launstein, MEDC Business Development Manager, provided background information and introduced the guest presenters; Terry Jackson – CFO, A.J.M Packaging; Jim Bambard – Director of Engineering, A.J.M. Packaging; Joseph Kuspa – Southgate Mayor; Philip Roush – City Council President; Brandon Fournier– City Administrator, City of Southgate; Andrew Kandrevas – State Representative; David Angileri – Finance Director, City of Southgate; and Jim Paquet – Development Officer, Wayne County EDGE.

Mr. Jackson spoke about the company and how they manufacture converted paper products including paper plates, cups, grocery sacks and bags. Mr. Jackson stated that this project will create 125 new jobs over the next 2 years and that he is so pleased to keep the company in Michigan. The State of New Jersey was a huge aggressor for this project however and without the amazing incentives from the State of Michigan and approval from this board we wouldn't be able to stay right here. Mayor Kuspa stated that he appreciates Michigan stepping up to keep great companies here and allowing them the incentives they need to not only stay but to grow. Mr. Kuspa also indicated that the City of Bloomfield Hills was in full support of this project and that the PA198 would be brought to and approved at the November meeting. Mr. Paquet stated he is pleased this expansion is able to take place and that this is a nice win to have over the State of New Jersey.

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

Mr. West spoke about the company's plan to invest approximately \$28.3 million and create up to 125 jobs over the next five years with an anticipated weekly wage of \$454.

Recommendation: MEDC Staff recommends a 75 percent standard employment tax credit for 5 years for up to 125 net new employees in excess of the company's established base of 686, subject to the following: The company must create and maintain a minimum of 100 new employees by the end of the third year. Failure to do so will result in the remaining years being forfeited.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Karla Campbell, pointed out that there was one contingency—approval of a tax abatement for new property related to the project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-190. Ms. Mester seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED STANDARD MEGA CREDITS:

Resolution 2010-191: Gerdau MacSteel, Inc.

Penny Launstein, provided background information and introduced the guest presenters; Jeff Karmol, Vice President and Controller – Gerdau MacSteel, Inc; Jack Finlayson, General Manager – Gerdau MacSteel, Inc.; Bob Clark, Mayor – City of Monroe; and Bill Morris, President – Monroe County Industrial Development Corporation.

Mr. Karmol indicated that this was really a multi phase project that would produce double the steel output on their production of steel bar products to the automotive, heavy duty truck as well as other industries in North America over the course of the project. Doubling the output means going from \$67 million in Phase I to \$140 million in Phase II. Currently the manufacturing process requires a significant amount of electricity which drives the costs up. Therefore, we are seeking to offset this cost through this MEGA Tax Credit as well as other incentive tools. Mayor Clark thanked the Board and the State of Michigan for the opportunity and indicated what a

significant employer and community partner in their region Gerdau is and noted that they are the highest producing plant in the entire region.

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

Mr. Santer spoke about the company's plan to invest approximately \$67 million and retain up to 778 jobs at their Blackman Township, City of Monroe and Napoleon Township facilities. The average weekly wage for the retained jobs will be \$1,101. Fort Smith, Arkansas was a competitor in this project, having significantly lower industrial electricity costs so we are glad that the incentives we have been able to offer will keep them here in Michigan.

Recommendation: MEDC Staff recommends a 75 percent standard employment tax credit for 5 years for up to 778 retained employees at the Blackman Township, Monroe, and Napoleon Township facilities. To access the credit the company must: Make an initial investment of at least \$50,000 per retained job, but not less than \$19,450,000, for the 389 retained jobs to access the credit; and maintain at least 545 full-time employees at their facilities in Blackman Township, Monroe, and Napoleon Township each year they claim the credit.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Retention MEGA Credit and recommends approval. Karla Campbell, pointed out that there was one contingency—approval of a tax abatement for new property related to the project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-191. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-192: Michigan Automotive Compressor, Inc.

Ed Reed, MEDC Business Development Manager, provided background information and introduced the guest presenters; Yutaka Nakashima – General Manager, Accounting and Business Planning, MACI; Joseph Shaughnessy – Senior Manager, Purchasing and Business Planning, MACI; Jonathan Turner – Supervisor, Business Planning, MACI; Scott Flemming – President and CEO, Jackson Enterprise Group; and Amy Torres – Vice President of Economic Development, Jackson Enterprise Group.

Mr. Shaughnessy thanked the MEDC and indicated that MACI is a parent Company 60% owned by Toyota and 40% owned by DENSO. This project is for new equipment and the upgrade of existing equipment for the 2011 and 2012 operating years. Upgrading and replacing outdated equipment will allow the plant to remain competitive in the market.

Robert Wilson provided additional information and recommendations.

Mr. Wilson spoke about the company's plan to invest approximately \$72 million and retain 562 jobs over the next five years with an anticipated weekly wage of \$884.

Recommendation: MEDC Staff recommends a 75 percent retention employment tax credit for 5 years for the 562 retained employees at the Parma Facility. The company must retain a minimum of 500 jobs at the Parma location to activate the credit. Additionally, MACI must retain at least 500 jobs each tax year in order to be eligible for the tax credit for that year.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Retention MEGA Credit and recommends approval. Karla Campbell, pointed out that there was one contingency—repayment requirement of all or a portion of the credits received if the Company moves Retained Jobs outside of Michigan during the term of the Agreement and a term thereafter. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Mester made a motion for approval of Resolution 2010-192. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BATTERY AND BROWNFIELD – MBT CREDIT:

Resolution 2010-193: Chrysler Group LLC – Plug-In Electric Vehicle Engineering Tax Credit; and

Resolution 2010-194: Chrysler Group LLC – Brownfield Redevelopment MBT Credit – Sterling Heights Assembly Project

Christine Roeder, MEDC Business Development Manager, provided background information and introduced the guest presenters; Brian Glowiak, Head of State Government Affairs, Chrysler Group LLC; Jason Cooper, Sr. Manager, State and Local Taxes, Chrysler Group LLC.; Sarah Elliot – Chrysler Group, LLC; and Luke Bonner – Economic Development Manager, City of Sterling Heights.

Mr. Glowiak indicated that Chrysler is developing an Electric Vehicle off of the Fiat platform and 2013 will be the model production year. The vehicle will have an electric drive range of approximately 100 miles. We are pleased to be expanding in Auburn Hills and this project includes development of electric vehicles, battery integration, electric powertrain integration, testing and validation as well as numerous other testing and development component areas.

Josh Hundt provided additional information and recommendations.

Mr. Hundt indicated that there were two resolutions before the board both incorporated into one memorandum. He then spoke about the projected program volume for the project is for 5,400 vehicles to be manufactured for the US market by 2014. Chrysler currently employs over 21,000 people in the State of Michigan and is projecting up to \$137 million of total investment related to the program, including \$62.7 million that is qualified engineering investment. The MEGA Board approved a Retention Tax Credit for the Sterling Heights Assembly Plant (“SHARPS”) in October 2010. This project is intended to secure the SHAP facility for the long-term use and encourage continued future investments in Michigan by Chrysler. SHAP expects to maintain 1,809 permanent full-time employees by the manufacturing portion of this project with an average weekly wage of \$25.00 per hour. The total capital investment is approximately \$300 million dollars.

Recommendation: MEDC staff recommends approval of plug-in vehicle engineering credits in amount not to exceed \$45 million (not to exceed \$15 million per tax year) for Chrysler Group LLC.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the Plug-In Electric Vehicle Engineering Tax Credit and recommends approval. Ms. Campbell indicated that there are no contingencies related to this project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-193. Ms. Mester seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

2nd Resolution - with regards to the Chrysler Group LLC – Brownfield Redevelopment MBT Credit – Sterling Heights Assembly Project.

Recommendation: MEDC staff recommends approval of a 12.5% Brownfield MBT Credit, not to exceed \$10,000,000 for Chrysler Group LLC.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the Brownfield MBT Credit Approval for SHAP and recommends approval. Ms. Campbell indicated that there are no contingencies related to this project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-194. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD MBT CREDIT AMENDMENT:

Resolution 2010-195: Harbor Shores HV Construction, LLC and Harbor Shores BHBT Land Development, LLC Brownfield Redevelopment MBT Credit – Amendment #1, City of Benton Harbor, Berrien County

Dan Wells, MEDC Program Specialist, provided background information for the project. Mr. Wells indicated that the MEGA Board approved a Large Brownfield Redevelopment Single Business Tax (SBT) Credit for the Harbor Shores Hotel/Water Park/Town Homes project on back in December of 2006. The original project involved a mix-use development, including the construction of a hotel, indoor water park, single-family homes and residential town homes. The overall plans for this project have been modified to exclude construction of the water park and hotel and the parcels of land originally identified for those areas need to be removed from the project.

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

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

Recommendation: MEDC Staff recommends approval of this amendment request to modify the scope of the project, which will reduce the eligible investment from \$92,300,000 to \$15,800,000 with a Brownfield MBT Credit of 10%, not to exceed \$1,580,000; remove the above referenced parcels; add the two above referenced qualified taxpayers; and recommends adding five additional years to complete the entire project by December 19, 2016.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there no contingencies related to this project. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-195. Mr. Garcia seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD MBT CREDITS:

Resolution 2010-196: Everest Campus, LLC – New Downtown Campus Phase I

Marcia Gebarowski, MEDC Project Specialist, provided background information and introduced the guest presenters; JB Hoyt – Director of Government Affairs, Whirlpool Corporation; and Jon Byl – Warner Norcross and Judd.

Mr. Byl talked about the transformation and redevelopment of an old car dealership. This demolition of the unoccupied buildings and then construction of the new 94,115 square foot office building will be part of the new Whirlpool Headquarters Campus in Benton Harbor. Mr. Hoyt showed visuals and explained the project and expressed how happy he was that they are able to use this property and redevelop in Downtown Benton Harbor. Mr. Kleine asked what does this mean for overall employment. Mr. Hoyt responded that 1,100 employees will be in this facility, in addition there are a number of restaurants and service industry jobs that are inevitable. Some retail shops have already reached out to us with interest in this new site. Mr. Byl added that a hotel will be added at some point in the near future which will bring more jobs as well.

Marcia Gebarowski provided additional information and recommendations.

Ms. Gebarowski spoke about the company's planned initial investment of \$27.5 million dollars. Approximately 868 permanent full-time jobs are anticipated to be retained by the commercial portion of this project with an average hourly wage of \$60.

Recommendation: MEDC staff recommends the designation of an Urban Development Area Project (UDAP) and approval of a 20% Brownfield MBT Credit, not to exceed \$5,000,000.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-196. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-197: Whirlpool Corporation – New Downtown Campus Project A-2 (Phases 2 and 3)

Marcia Gebarowski, MEDC Project Specialist, provided background information for this 2nd Whirlpool Corporation Project. Mr. JB Hoyt – Director of Government Affairs, Whirlpool Corporation; and Jon Byl – Warner Norcross and Judd remained at the table.

Marcia Gebarowski provided additional information and recommendations.

Ms. Gebarowski reiterated the company's plans of building its new headquarters campus in downtown Benton Harbor, which will be located on several parcels of land that currently, hold unoccupied buildings in need of demolition. She indicated that this will be a multi-phase project and the total capital investment will be approximately \$41.3 million dollars.

Recommendation: MEDC staff recommends the designation of an Urban Development Area Project (UDAP) and approval of a 20% Brownfield MBT Credit, not to exceed \$7,740,000.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit for Phase 2 and 3 of this Project and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-197. Ms. Mester seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD WORK PLAN:

Resolution 2010-198: Cheboygan Brownfield Redevelopment Authority – SAFCU South Main Redevelopment, City of Cheboygan

Deborah Stuart, MEDC Community Assistance Specialist, provided background information for the Project and introduced guest speakers. Cindy Harrison – CEO, Straits Area Federal Credit Union; Stacey Woiderski – Vice President, Straits Area Federal Credit Union; George Korthauer – Interim City Manager, City of Cheboygan; Mac McClelland – Otwell Mawby, Environmental Consultants; and Jan Kellogg – Economic Development Specialist, Northern Lakes Economic Alliance.

Ms. Harrison indicated how happy she was to be able to stay and grow in the City of Cheboygan. They have been looking for a place to expand for several years and wanted to stay within the community. We are very happy to stay where our members know where we are. Mr. Korthauer indicated how pleased the City of Cheboygan is that the MEDC and MEGA Board has worked so diligently to make this happen for a city that has had a lot of setbacks. Mr. Woiderski told the MEGA Board that he is happy the credit union is staying in "our" downtown area.

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

Ms. Czarnecki reiterated that SAFCU acquired additional properties on S. Main Street, adjacent to its current main branch for expansion of its operations in downtown Cheboygan. The current structures will be demolished to determine the most effective design and structure that will need the needs of their customers. Approximately 10 permanent, full-time jobs will be created.

Recommendation: The MEDC recommends approval of local and school tax capture for the MEGA eligible activities totaling \$486,609 which includes a maximum interest of \$134,059, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$241,557. Because the site plan is yet to be determined,

Straits Area Federal Credit Union (SAFCU) agrees to the following design parameters in order for school tax capture to occur on this project: 1) Zero Lot Line: the design will include a zero lot line development on S. Main Street to provide a continuous building form along the primary downtown street; 2) Off Street Parking: the design will not include any parking along S. Main Street, only in the rear of the building; and 3) Square Footage: this project design shall include a 25,000 (or greater) square foot building that will double the size of the existing building.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-198. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-199: City of Port Huron Brownfield Redevelopment Authority – Former Sperry Department Store Project, City of Port Huron, County of St. Clair

Katharine Czarnecki provided background information for the project and introduced guest speakers. Pauline Repp – Mayor, City of Port Huron; Bruce Brown – City Manager, City of Port Huron; Gary Muentener – Senator Jud Gilbert's Office; Senator Elect, Phillip Pavlov – 25th District; Randy Maiers – President, Community Foundation of St. Clair County; Scott Beedon – Small Business Concierge, Economic Development Alliance of St. Clair County; Anne Jamieson-Urena – Director of Brownfield and Redevelopment Incentives, AKT Peerless Environmental; David Layman – President, Hooker DeYoung Architect; Frank Bednarek – Vice President, Hooker DeYoung Architects; Tom Johnson – Partner, Landmark Development; and Dave White – Partner, Landmark Development

Mr. Brown, City of Port Huron, City Manager stated that this project will produce 160 new jobs and be a catalyst for more retail stores in our area, which will add to employment. Randy Maiers spoke about this being a landmark building the community. Sperry is an icon and vital to our community. Huge project for us.

Ms. Czarnecki provided additional information and recommendations.

This project will redevelop the Former Sperry Department Store Building in downtown Port Huron. The Sperry Building is a 66,000 square foot historic structure located at the center of Port Huron's central business district and has been empty for 3 years. The renovation will add a new roof, rebuilding of windows, restoring the entire façade, replacing elevators all mechanicals and providing improvements to tenant. The project is expected to create 160 new jobs. The jobs created will be medical office, restaurant, business start-up, law office, accounting, retail, and general office. The average weekly wage will be between \$15.00 and \$23.00 per hour. The total capital investment will be approximately \$12.9 million.

Recommendation: MEDC Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$710,971 which includes a maximum interest of \$160,573, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$533,228.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-199. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-200: East Lansing Brownfield Redevelopment Authority – 211 Albert Avenue, City of East Lansing

Katharine Czarnecki provided background information for the project and introduced guest speakers. David Krause, Owner & Developer for A&G Partnership, LLC; Tim Dempsey, Planning and Community Development Director for the City of East Lansing; and Anne Jamieson-Urena, Director of Brownfield and Redevelopment Incentives, AKT Peerless Environmental and Energy Services.

Mr. Krause stated that he attended Michigan State University and is a long time Spartan. This project will replace 2 functionally obsolete buildings and add to the vitality to the area. The feedback has been positive. Mr. Dempsey stated that this is a great partnership for their area. Ms. Jamieson indicated that it is unusual that they get such great support with Downtown Development Authorities and agreements like this. This will be a significant improvement in the area and thanked everyone involved.

Ms. Czarnecki provided additional information and recommendations.

This project will demolish two obsolete, single-use, two-story structures and construct an eight-story, 8,419 square foot, mixed-use, LEED certified building on the property located at 211 Albert Avenue in the City of East Lansing. The first floor will be utilized for restaurant and commercial space and the second through eight floors will contain 42 market-rate apartments. The building will be approximately 13% commercial and 87% residential. Approximately 45 permanent full-time jobs are anticipated to be created by the commercial portion of the project will range between minimum wage to \$28 per hour. The total capital investment will be approximately \$9.7 million.

Recommendation: MEDC Staff recommends The MEDC recommends the designation of an Urban Development Area Project (UDAP) and approval of a 20% Brownfield MBT Credit, not to exceed \$1,619,041.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-200. Ms. Mester seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED BROWNFIELD WORK PLAN AMENDMENT:

Resolution 2010-201: Grand Traverse Count Brownfield Redevelopment Authority – Traverse City Place (Indigo Hotel Phase)

Katharine Czarnecki provided background information for the project and introduced guest speakers. Bryan Crough, City of Traverse City – Downtown Development Authority; John Sych, Director of Planning and Development – Grand Traverse County.

This Work Plan Amendment-#2 entails adding one eligible property located at 263 Grandview Parkway Avenue, as well as eligible activities to support the Hotel Indigo project. The Hotel Indigo project will redevelop three parcels located at 223, 235 and 263 Grandview Parkway in downtown into a four-story building to house a boutique hotel with 95 rooms, health spa facilities, a restaurant, pool, rooftop lounge, and 10 residential spaces. The project will also include an underground parking structure with 85 spaces and attain LEED certification. The project will be implemented in one phase, starting in late 2010 and completed in spring of 2012. Approximately 45-52 permanent full-time jobs are anticipated to be created by the hotel and restaurant portion of the project at an average hourly wage of \$12. The total capital investment will be approximately \$13 million.

Ms. Czarnecki provided recommendations.

Recommendation: MEDC Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$13,459,438 which includes a maximum interest of \$85,840 (capped, interest is less than 5% of the MEGA allowed interest rate), described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$12,008,733.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Corbin made a motion for approval of Resolution 2010-201. Mr. Garcia seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 1 absent.

ADJOURNMENT: Greg Main thanked everyone for attending. The meeting was adjourned by Treasurer Kleine at 11:31 p.m.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
LANSING

ANDREW S. LEVIN
ACTING DIRECTOR

DESIGNATION OF AUTHORITY

As Acting Director of the Michigan Department of Energy, Labor & Economic Growth, I hereby authorize Deputy Director and Chief of Staff Susan Corbin to attend meetings of the Michigan Strategic Fund Board that I am unable to attend.

A handwritten signature in black ink, appearing to read "Andrew S. Levin".
Andrew S. Levin, Acting Director

Department of Energy, Labor & Economic Growth

Dated: 8/25/10

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JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

ROBERT L. EMERSON
DIRECTOR

DESIGNATION OF AUTHORITY

As Director of Michigan's State Budget Office, I hereby authorize Laura Mester, Director of Accounting and Financial Reporting, to attend meetings of the Michigan Economic Growth Authority that I am unable to attend.

Robert L. Emerson, Director
State Budget Office

Dated: 11-15-2010

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