

ADOPTED MINUTES

A special meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 201 N. Washington Square, 4th Floor, Lansing, Michigan on February 1, 2001 at 10:30 a.m.

Members Present:

Beth Chappell

Craig DeNooyer

Phil Kazmierski (acting for and on behalf of Gregory R. Rosine, authorization attached)

Mary Lannoye (acting for and on behalf of Janet Phipps, authorization attached)

Mark Murray

Doug Rothwell

Members Absent:

Sarah Deson-Fried

Tim Ward

Others Present:

Kathy Blake, Senior Vice President, Business Development, MEDC

Linda Dankoff, MEGA, MEDC

Jim Donaldson, Business Development, MEDC

Valerie Hoag, MEDC, Managing Director, Michigan Business Development

David Jeup, MEDC

Sabrina Keeley, CFO, MEDC

Jennifer Kopp, Communications, MEDC

Lori LaPerrier, MEGA, MEDC

Jim Paquet, Secretary to the MEGA Board

Kathy McMahon, Communications, MEDC

Mark Recker, The Dow Chemical Company

Ellen Ross, MEDC

Tom Schimpf, Attorney General

Call to Order

Chairperson Rothwell called the meeting to order at 10:35 a.m.

Public Comment

There were no comments from the public.

Action Item:

The Dow Chemical Company
2030 Dow Center
Midland, MI 48674

Jim Donaldson introduced Mark Recker of The Dow Chemical Company, who made a short presentation to the Board.

Mr. Recker discussed the effects the merger between Union Carbide and The Dow Chemical Company. It is Dow's hope to move the majority of jobs to Midland. The expansion would add jobs in administration and management along with associated support staff.

Jim Donaldson continued the presentation of the project to the Board.

The Dow Chemical is a global chemical manufacturer with annual sales approaching \$20 billion and a worldwide workforce in excess of fifty thousand people. In addition to Midland, Dow operates facilities in Southfield, Auburn Hills, Bay City, Hillsdale, Harbor Beach, and Ludington, Michigan

Dow Chemical is considering a consolidation of various administrative functions from a planned merger with Union Carbide Corporation, in Midland, or leaving those operations at their present location in Connecticut. This consolidation would create up to 350 jobs in Midland that would have an average weekly wage of \$1314. Capital investment would be approximately \$5 million in Midland

According to the economic analysis done by the University of Michigan, it is estimated the facility would generate a total of 479 jobs in the state by the year 2020. Net state government revenues would be increased by \$24,204,000 due to the presence of this facility.

Based on figures obtained from the company, the cost disadvantage for Dow Chemical to locate this expansion in Michigan rather than Connecticut is about \$48 million over the life of the incentive. This cost differential is primarily attributable to employee relocation, and recruitment costs, and the costs of vacating the facility in Danbury. The state of Connecticut has actively encouraged Dow Chemical to keep and expand an operation in Danbury.

The state of Michigan will provide Dow Chemical a 100 percent abatement of the six-mill State Education Tax valued at to \$138,000. In addition, the city of Midland will offer a 12-year abatement of local property taxes that could be worth up to \$559,600.

Because of the \$15 million cost of vacating the Danbury facility and expected relocation and recruitment costs of approximately \$26 million, Dow would be unable to bring these jobs to Michigan without the assistance offered through the MEGA tax credit.

The Michigan Economic Development Corporation recommends an employment credit of 100 percent for up to 350 new jobs and a business activity credit of 100 percent, each for a period of 20 years.

Board Discussion:

Beth Chappell asked what factors would lead the company to locate in Connecticut.

Mr. Recker explained that Dow has a major facility in Connecticut. It has been the company's experience that it is difficult to attract employees to the Midwest from the East Coast. The MEGA would give the company the ability to provide an attractive relocation package. Mr. Recker expressed that the longer the merger was delayed the more employees were lost from Union Carbide because of the instability of the situation.

Chairman Rothwell asked if there were any other questions from the Board. There being none, it was moved, supported and carried that Resolution 2001-003 awarding a MEGA tax credit to The Dow Chemical Company be adopted.

The meeting was adjourned at 10:47 a.m.