

**MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD  
FEBRUARY 17, 2009**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, February 17, 2009 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** Douglas Buckler; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Baldomero Garcia; Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached); Jeff Mason (acting on behalf of James Epolito, authorization attached); Faye Alexander Nelson; Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

**MEMBERS ABSENT:** Cullen DuBose

**CALL TO ORDER:** Mr. Mason called the meeting to order at 10:05 a.m.

**APPROVAL OF MINUTES:** Mr. Mason asked for a motion to approve the February 3, 2009 meeting minutes. **Ms. Nelson motioned approval of the minutes. Mr. Buckler seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

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

**STANDARD MEGA CREDITS:**

**Resolution 2009-020: Global Tooling Systems**

*Bruce Seymour, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Ronald Bellestri, Vice President, and Raymond Wisniewski, Director of Operations – Global Tooling Systems; Justin Robinson, Senior Economic Development Specialist – Macomb County* Global Tooling Systems is one of the world’s leading suppliers of large, close tolerance tooling systems and services for the commercial and military aerospace industries. The company specializes in the design and and manufacture of complex, integrated tooling solutions for carbon composite component manufacture and high level airframe assemblies. The company currently has 253 full-time employees in the Michigan. The proposed project will be a relocation of all Global Tooling Systems’ operations to Macomb Township in Macomb County. The move is being made in order to fulfill customer requirements with Boeing, Gulfstream, and Lockheed Martin.

*Amy Deprez, MEDC Project Specialist, provided additional information.*

The project will create 184 jobs in the state over the next five years paying an average weekly wage of \$971. The company will also offer healthcare benefits, and pay a portion of the benefit costs. The company plans to make a total capital investment of \$17.2 million related to this project.

**Recommendation:** MEDC staff recommends a 100 percent standard employment tax credit for 7 years for up to 184 net new jobs in excess of the company’s established employment base of 253.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-020. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

### **Resolution 2009-021: K & S Wire Products, LLC**

*Ed Reed, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Timothy W. Smith, President and Chief Operating Officer, and Udo Kuehn, Chief Executive Officer – K & S Wire Products; Lee Daugherty, Mayor, and Frank Goodroe, Manager – City of Hudson; Tim Robinson, Chief Operating Officer – Lenawee County Economic Development Corporation*

K & S Wire Products is a new venture that will manufacture primarily steel wire shopping carts, with a secondary plastic shopping cart product line anticipated. The company is hoping to capitalize on a void in the marketplace created by the recent demise of the two largest cart makers. Capture of the orphan shopping cart market, created by the closure of the two large producers, is time critical and an important part of the proposed project. K & S currently has no presence in Michigan. K & S Wire Products, LLC proposes manufacturing steel wire shopping carts in Hudson, Michigan. Additionally, the company is considering additional phases including a plastic cart product line, in-house powder coating, and refurbishment of used carts.

*Amy Deprez provided additional information.*

The company has identified a potential Michigan location in Hudson and plans to invest \$1.2 million over the next five years, including purchase of shopping cart manufacturing equipment from one of the closed manufacturers. The project will result in the creation of 157 jobs, paying an average weekly wage of \$425. 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 seven years, for up to 157 net new employees, over an established employment base of zero.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-021. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

### **Resolution 2009-022: Michigan Brewing Company**

*Susan Novakoski, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Robert (Bobby) C. Mason, Owner and President – Michigan Brewing Company; Tom Oliver, Board Trustee – Village of Webberville*

Michigan Brewing Company (MBC), a Michigan based brewer of craft beers, produces over sixteen varieties of beer under the MBC label and four varieties of beer under the Celis brand. Beer sales in the US increased over the past five years, in part due to the rising trend of the craft beer industry. MBC is poised to capitalize on the surging popularity of craft beers. The company, recognizing the need for more space to grow their product portfolio and respond to the increase in demand, relocated to a new 76,000 square foot facility. MBC currently has 8 full-time and 20 part-time associates in Michigan.

*Amy Deprez provided additional information.*

MBC has the needed space for this project within their Webberville facility and plans on investing approximately \$7 million in machinery and equipment and other personal property over the next five years. The project will require the creation of up to 161 new jobs, paying an average weekly wage of \$550. The company will also offer health care benefits and pay a portion of the benefit costs.

**Recommendation:** MEDC staff recommends a 70 percent standard employment tax credit for seven years, for up to 161 net new employees, over an established employment base of 8.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-022. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

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

### **Resolution 2009-023: McLaren Performance Technologies**

*Jeff Sand, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Claudia Summers, Manager of Purchasing and Quality – McLaren Performance Technologies; Mark Taormina, Planning Director – City of Livonia*

McLaren Performance Technologies' parent company, Linamar Corporation, is headquartered in Guelph, Ontario. Linamar Corporation is the largest machiner of automotive components in North America with a special focus on powertrain components. The company currently has 87 full-time employees in Michigan. The proposed project will be an expansion at McLaren Performance Technologies in the City of Livonia in Wayne County. The expansion is required to support their new power transfer unit business for present and future fuel economy and efficiency improvements.

*Amy Deprez provided additional information.*

The proposed project will create 34 jobs over the next five years with an average weekly wage of \$1,495. The company also will offer healthcare benefits and pay a portion of the benefit costs. The total capital investment related to this proposed project will be \$8.9 million.

**Recommendation:** MEDC staff recommends a 100 percent high-technology employment tax credit for 10 years for up to 34 net new employees in excess of the company's established employment base of 109.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of**

**Resolution 2009-023. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

### **Resolution 2009-024: Patrick Energy Services, Inc.**

*David Kurtycz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Christopher Dietzler, Vice President, and Richard Hayes, Vice President – Patrick Energy Services, Inc.; Ara Topouzian, Economic Development Manager – City of Novi* Patrick Energy Services, P.C., with seven offices nationwide, focuses on providing high voltage engineering, program management and construction management services to the electric and gas utility industry. Patrick Energy Services currently has 55 employees in Michigan. The company is proposing to relocate their existing offices in Livonia to a larger facility in the City of Novi to house their growing staff. With more lab space available the company is able to expand their ability to provide systems integration services for their clients.

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

Total investment for Patrick Energy Services over five years will be approximately \$2.23 million. This project will create 90 new jobs with an average weekly wage of \$1,331. The company will also offer health care benefits and pay a portion of the benefit costs.

**Recommendation:** MEDC staff recommends a 100 percent seven-year high technology tax credit for up to 90 net new employees, above the company's established employment base of 55.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of**

**Resolution 2009-024. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

### **Resolution 2009-025: RIIS, LLC**

*Christine Roeder, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: James Pantelas, Vice President and General Manager – RIIS, LLC; Mark Adams, Senior Business Development Manager – Oakland County*

RIIS, LLC was founded in 1997 and is headquartered in the City of Royal Oak. RIIS offers services to clients nationally and competes with off-shore software and applications development firms. In 2007, the company made the decision to expand their on-shore development capabilities, which resulted in 2008 revenue growth of 400 percent. The company currently has 11 full-time employees in Michigan. RIIS plans to expand its headquarters in either the City of Royal Oak or the City of Southfield, both in Oakland County. The expansion is due to two new large software and application development contracts with clients located in Ohio and North Carolina.

*Amy Deprez provided additional information.*

RIIS will invest approximately \$946,000 and create 40 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,832. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

**Recommendation:** MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 40 net new employees in excess of the company's established base of 11.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-025. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

### **RURAL MEGA CREDITS:**

#### **Resolution 2009-026: Altus Brands, LLC**

*Kelly Rogers, MEDC Business Development & Attraction Manager, introduced the guest presenters who provided background information on the company and this project: Brian Breneman, Member/Manager – Altus Brands, LLC; Tino Breithaupt, Senior Vice President – Traverse City Area Chamber of Commerce*

Altus Brands, LLC was created in 2008. The company's goal is to grow and leverage their expanding portfolio of sportsman brands. In May 2008, Altus completed its first acquisition, Pro-Ears, a leader in hearing protection for shooters. In June 2008, Altus completed an acquisition of Benchmaster, a leader in shooting rests, and moved the business from Sacramento to Westcliffe, Colorado. Altus Brands, LLC currently has 0 employees in Michigan. This project consists of the relocation and expansion of existing operations from Colorado to a new leased facility in Garfield Township, Grand Traverse County. Operations at the new facility will consist of light manufacturing, assembly, packaging and shipping of products. Currently, this applies to three brands: Pro Ears, Benchmaster, and Crossfire. As future acquisitions are completed, each additional product line will be evaluated for transfer to the new facility.

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

Total investment for Altus Brands over five years will be approximately \$710,000. This project will create 25 new jobs with an average weekly wage of \$449. The company will also offer health care benefits and pay a portion of the benefit costs.

**Recommendation:** MEDC staff recommends an 80 percent rural employment tax credit for five years, for up to 25 net new employees over the established employment base of 0.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Rural MEGA Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-026. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

[Susan Corbin leaves for the remainder of the meeting.]

**RETENTION MEGA CREDITS:**

**Resolution 2009-027: General Motors Corporation**

*Bruce Seymour introduced the guest presenters who provided background information on the company and this project: Eric Henning – GM Public Policy; Candace Butler, Manager of Economic Development – GM Worldwide Real Estate; Joe DiSanto, Economic Development Manager – Brownstown Township*

General Motors Corporation (GM), founded in 1908, manufactures and markets automobiles, automotive systems, engines, heavy-duty automatic transmissions and component parts worldwide. GM is headquartered in Detroit and employs about 252,000 people globally and sells and services vehicles in some 140 countries. GM is evaluating its overall product portfolio and the need for new products. As part of this evaluation, a business case is being developed with different scenarios to support an in-house battery module and pack assembly facility to provide the lithium ion batteries for the Chevrolet Volt beginning in the 2010 calendar year. A facility in Brownstown Township has been identified as a potential site for this project.

*Amy Deprez provided additional information.*

The overall project would result in an investment of approximately \$43.2 million, including renovations, new machinery and equipment and other personal property. The investment by GM in this project would enhance Michigan's global competitiveness as a premier site for innovative high technology products in a highly competitive global market. As a result of this project, GM would retain 140 jobs, paying an average hourly wage of \$14. They will also offer health care benefits and pay a portion of the benefit costs.

**Recommendation:** MEDC staff recommends a 100 percent retention employment tax credit for 20 years, for up to 140 retained employees at the Brownstown Township facility subject to the following: Provided that GM retains a minimum of 100 jobs by the end of the first year of operations, estimated to be December 31, 2011.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Retention MEGA Credit request and recommends approval. Mr. Mason asked if there were any questions from the Board. Being none, Mr. Buckler made a motion for approval of Resolution 2009-027. Mr. Lockwood seconded the motion.* The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

**WORK PLAN APPROVAL:**

**Resolution 2009-028: City of Bay City – Green Leadership, LLC**

*Kent Kukuk, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Steve Black, Deputy City Manager – City of Bay City; Kurt Brauer – Warner Norcross & Judd*

This project will redevelop 11.32 acres of former residential and commercial property at the corner of Johnson and Ketchum Street within the City of Bay City. The property has been vacant since 1979. The site includes multiple development parcels and may include a total of three new structures depending on future tenants that are identified for redevelopment of the property. In order for the future development to occur, it is necessary to update and improve the road and water and sewer surrounding this site.

**Work Plan:** The City of Bay City Brownfield Redevelopment Authority has submitted a work plan request for the approval of \$2,001,814 in local and school tax capture.

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

The Work Plan request is seeking approval for the costs that will be incurred by the City of Bay City for the public infrastructure improvements. A portion of the public infrastructure improvements, including the improvement of Johnson Street will be funded through a municipal bond from the City of Bay City. It

is estimated the duration of the bond will be for 20 years at a 6% interest rate and will include bonding costs. The total capital investment anticipated for the initial project is \$5 million. In addition to the MEGA TIF, the developer is also seeking an MDEQ TIF of \$118,497. The project was also approved for a small Brownfield MBT Tax Credit in the amount of \$282,782 in September of 2008.

**Recommendation:** MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$2,001,814, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$820,744.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-028.** *Ms. Nelson seconded the motion.* The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

**Resolution 2009-029: City of Hazel Park – Hazel Park Development Company, LLC**

*Joseph Martin, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Jan Drumm, Attorney – City of Hazel Park; Pete Najar – Hazel Park Development Company*

The project entails the redevelopment of approximately 7.4 acres of vacant developed land across five parcels situated along the Eight Mile corridor in the City of Hazel Park Michigan. Two functionally obsolete buildings are currently located on the site and will be demolished to make room for the new development. The development team Hazel Park Development Company, LLC has owned the site for over 11 years and has been unable to secure an anchor tenant to make the project feasible.

**Work Plan:** The City of Hazel Park Brownfield Redevelopment Authority has submitted a work plan request for approval of local and school tax capture for MEGA eligible activities in the amount of \$1,072,250.

*Katharine Czarnecki provided additional information.*

The project will be undertaken in three phases. However, this credit only addresses Phase I, which includes the construction of a 1-story 49,000 square foot retail center featuring the anchor Save-a-Lot grocery store that will benefit the Hazel Park Community, as well as Detroit and Hamtramck. The total capital investment could reach as high as \$11.9 million and result in 150 permanent jobs associated with the retail. The development team was approved for a Brownfield MBT Credit on February 5, 2009 in the amount of \$497,293 for vertical construction on the grocery store and related site improvements. In support of this project the city has removed this project from the Downtown Development Authorities (DDA) TIF district to allow for the capture of Brownfield TIF. Furthermore, the city will be capturing an additional \$248,125 in local only TIF for other related site activities to support this project.

**Recommendation:** MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$1,072,250, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$445,395. However, the following condition shall be met in order for school tax capture to be allowed: The green elements outlined in the Act 381 Work Plan and Brownfield MBT Application shall be completed for the project.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-029.** **Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

**Resolution 2009-030: City of Sterling Heights – BAE Land Systems and Armaments, LP**

*Bruce Seymour introduced the guest presenters who provided background information on the company and this project: Luke Bonner, Sterline Heights Brownfield Redevelopment Authority; Michael Bocek, Director of Facilities Ground Systems – BAE; Ulrich Schmidt – KPMG; Brian Podolski – Plante Moran*

BAE Systems Land and Armament L.P. will establish a modern, state of the art business development and technology center focused upon the requirements of the United States Department of Defense and its worldwide allies. This center will focus on and facilitate the integration of the technical, business and program management teams to ensure that BAE Systems personnel will effectively design and develop the future tactical wheeled and combat vehicles in support of the future combat systems, while enhancing the capabilities of the current combat systems of the United States and its allies.

**Work Plan:** The City of Sterling Heights Brownfield Redevelopment Authority has submitted a work plan request for approval of local and school tax capture for MEGA eligible activities in the amount \$1,496,980.

*Amy Deprez provided additional information.*

The new facility located in Sterling Heights will initially consist of 175,000 square feet of office and product development space on approximately 81 acres. This property will support future business growth, product development, and personnel headcount expansion in the city. It will include a capital investment, including real and personal property, of approximately \$44 million and will allow for the creation of 460 new jobs, paying an average annual wage of \$82,000. BAE was approved for a MEGA tax credit in April 2008 valued at approximately \$22 million. In addition, the MEDC supported the project with \$460,000 in economic development job training funds. Additionally, the City of Sterling Heights has approved a property tax abatement valued at \$4.6 million. Finally, the Sterling Heights Local Development Finance Authority has supported the project with an additional \$2.8 million.

**Recommendation:** MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$1,496,980, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,333,464.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval. Mr. Mason asked if there were any questions from the Board. Being none, Ms. Nelson made a motion for approval of Resolution 2009-030. Mr. Lockwood seconded the motion.* The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

**Resolution 2009-031: Grand Traverse County – 101 North Park**

*Sarah Rainero, MEDC Program Specialist, introduced the guest presenters who provided background information on the company and this project: Jean Derenzy – Grand Traverse Brownfield Redevelopment Authority; Andrew Smits, P.E., Environmental Engineering Department Manager – Inland Seas Engineering, Inc.; Tino Breithaupt, Senior Vice President – Traverse City Area Chamber of Commerce; Special Guest: Senator Jason Allen*

The eligible property is located in Traverse City and is constituted by real property formerly identified as the Firestone property and the Annie's properties. The MEGA Board approved a 10% MBT Credit in December of 2001 for \$16 million in Eligible Investment and a \$1 million credit. However, the project stalled and was amended in December 2008 to add five years to the completion date, as well as a new development team. Construction of the same approved building plans will commence upon the existing, renovated foundations from the stalled 2001 development effort.

**Work Plan:** Grand Traverse County Brownfield Redevelopment Authority has submitted a work plan request for approval of local and school tax capture for MEGA eligible activities in the amount of \$1,884,476.

*Katharine Czarnecki provided additional information.*

The development will be a 5-story, mixed use commercial/retail/ residential building with private parking constructed in the alley-level basement. Commercial and retail uses will be established on floors one and two, creating an estimated 40 new jobs. Residential space will make up floors three, four and five. The total capital expenditures are expected to reach between \$16 and 20 million in the completion of this

Brownfield redevelopment effort on the subject eligible property. The MEGA Board approved a 10% MBT Credit in December of 2001 for \$16 million in Eligible Investment and a \$1 million credit. The project was amended in December of 2008 to add five (5) years to the completion date and a new Qualified Taxpayer. Also, the Traverse City Downtown Development Authority has contributed \$9 million towards public infrastructure for a parking deck that will directly benefit the 101 N Park redevelopment project. Finally, is \$600,000 in grant proceeds from Clean Michigan Initiative Bond Funds.

**Recommendation:** MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$1,884,476, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,602,120.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of**

**Resolution 2009-031. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

### **BROWNFIELD MBT CREDIT AMENDMENT:**

#### **Resolution 2009-032: Motown Construction Partners, LP**

*Joseph Martin introduced the guest presenters who provided background information on the company and this project: Fred Beal – JC Beal Construction, Inc.; Corey Leon – AKTPeerless Environmental*

Motown Construction Partners, LP were approved for a Brownfield Tax Credit by the MEGA Board on August 15, 2006. The original credit was for the redevelopment of the 34 story Broderick Tower building and an adjacent one-story restaurant in downtown Detroit. The MEGA Board approved a 10% credit, not to exceed \$3,983,195, based on an eligible investment of \$39,831,950. Due to the negative changes to the housing and lending markets, the project has been unable to secure financing and move forward. The project is coming back to the MEGA Board in order to seek amendments, which will allow the project to move forward. First, with recent changes signed into law (PA 578 of 2008) the project is requesting designation as an Urban Development Area Project (UDAP) project in order to increase the maximum credit percentage to 20%, and to increase the credit amount to \$6,343,400. Second, due to the delay in the project, the developers are seeking an additional three years to complete the project. Finally, with the credit being amended to increase the value of the credit, the Eligible Investment basis will no longer allow for soft cost and this will reduce the Eligible Investment amount to \$31,717,000, although there will be no decrease in the actual project investment.

*Peter Anastor, MEDC Urban & Community Development Manager, provided additional information.*

The redevelopment project will not change and the project will continue to include the rehabilitation of the Broderick Tower building and the adjacent one-story restaurant building. In addition, it is still anticipated that 40 permanent retail and 55 permanent office jobs will result from this project.

**Recommendation:** MEDC staff recommends the approval of the requested amendments to designate the project as an Urban Development Area Project and to increase the total credits to a 20% credit, not to exceed \$6,343,400, while extending the completion date to August 15, 2014.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit Amendment request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Ms. Nelson made a motion for approval of Resolution 2009-032. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent



## **TECHNOLOGY COLLABORATION CREDIT:**

### **Resolution 2009-033: Michigan Seamless Tube, LLC**

*Toni Brownfield, MEDC Targeted Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Tom Sleder, Hot Mill Manager – Michigan Seamless Tube; Terence (Terry) C. Liddy, Chief Operating Officer – OG Technologies; Vince Nystrom – Ann Arbor SPARK* Michigan Seamless Tube, LLC (MSTube), located in South Lyon, has been a leading manufacturer of carbon and alloy seamless cold drawn pipe and tube for over 80 years. MSTube offers a full line of seamless mechanical carbon, alloy, ferritic carbon and alloy pressure products. OG Technologies, Inc. (OGT), located in the City of Ann Arbor, designs, develops and implements flexible, cost-effective, accurate and reliable inspection systems. The company's core competency is innovative integration of instrumentation optics, electronics, software, data analysis and mechanisms to provide substantial cost saving solutions for customers.

The Eligible Business, OG Technologies, Inc. proposes the research and development of a HotEye Seamless Tube (HotEye SLT) System. The HotEye SLT system will be capable of automatically inspecting in-line for surface defects on red hot seamless tubes. The proposed collaboration between OGT and MSTube will include the delivery of a HotEye SLT system to MSTube. In addition to the investment by OGT, MSTube will invest both cash and engineering support into the proposed project. OGT will retain the right to commercialize the newly developed product for seamless tube manufacturers worldwide and will retain all the intellectual property related to the system.

*Amy Deprez provided additional information.*

With successful commercialization of this product OGT plans to create 20 new jobs in Michigan by 2014, and plans to have its annual sales volumes exceed \$20 million. The Qualified Taxpayer, MSTube, will invest \$1,052,000 in cash for the development of the new HotEye SLT System. The company also plans to invest \$150,000 in-kind for engineering support. For purposes of the TCC credit, only the cash investment will be included as an eligible investment.

**Recommendation:** MEDC staff highly recommends approval of a Technology Collaboration Credit of 30 percent of its eligible investment not to exceed \$300,000, for Michigan Seamless Tube, LLC based on an eligible investment of \$1,052,000.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Technology Collaboration Credit request and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Ms. Nelson made a motion for approval of Resolution 2009-033. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

## **BATTERY CREDIT:**

Martin Dober, MEDC Vice President of New Markets, present a brief overview of the new Advanced Battery Tax Credits that had been recently approved through HB 6611. Mr. Dober explained that the purpose of these tax credits was to incentivize the development, production, and manufacturing of advanced batteries, as this is currently an industry that is almost entirely located in other countries. He also included a powerpoint presentation that showed the four categories of tax credits available: Pack Manufacturing; Vehicle Engineering; Advanced Battery Technologies Engineering; and Cell Manufacturing.

### **Resolution 2009-034: Ford Motor Company – Advanced Automotive Battery Credit**

### **Resolution 2009-035: Ford Motor Company – Plug-In Electric Vehicle Engineering Tax Credit**

*Jennifer Owens, MEDC Director of Michigan Retention & Growth, introduced the guest presenters who provided background information on the company and the following two actions: Charlie Pryde, Governmental Relations Manager and Ted Miller, Battery Engineer – Ford Motor Company*

Ford Motor Company (Ford) was incorporated in Delaware in 1919 and is currently based in Dearborn. Ford is the world's third-largest producer of cars and trucks combined, selling vehicles in more than 200 countries and territories around the world, with 95 manufacturing facilities on six continents. In 2007, the company sold 6.5 million vehicles, and employed 246,000 people worldwide. Ford is accelerating its initiatives toward electrification of vehicles and advanced battery technology in 2009 based on changing consumer and regulatory demands. Significant changes in gasoline prices in 2008 triggered a keen consumer interest in alternative technologies and Ford plans to invest in advanced lithium-ion battery technology as a part of its strategy toward continuing to evolve technologies to meet customer demands.

Additionally, Ford's electrification strategy involves three types of electrified vehicles – Battery Electric Vehicle (BEV), Hybrid Electric Vehicle (HEV) and Plug-in Hybrid Electric Vehicle (PHEV) – to provide customers with significant fuel economy improvements and reduced CO2 emissions without compromising their driving experience. Ford's new electrification strategy will deliver a suite of electrified vehicles by 2012, including: a full battery electric van-type commercial vehicle in 2010; a full battery electric passenger car in 2011; next-generation hybrid vehicles, including plug-in version by 2012.

*Amy Deprez provided additional information.*

Ford anticipates it will invest approximately \$88 million for qualified research and development expenses related to advanced battery engineering expenses for Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs) beginning as early as 2010. Ford's advanced battery research is concentrated at the sustained mobility laboratory facilities in Dearborn. To support its battery development efforts, Ford is requesting advanced battery engineering credits in the amount of \$30 million (\$10 million per year for three years). The credits may be claimed for the tax year beginning January 1, 2012 and ending before January 1, 2015. Also, to support its plug-in electric vehicle engineering efforts, Ford is requesting vehicle engineering credits in the amount of \$25 million (not to exceed \$15 million per tax year). The credits may be claimed for the tax year beginning January 1, 2012.

**Recommendation:** MEDC staff recommends approval of advanced battery engineering credits in amount not to exceed \$30 million (\$10 million per year for three years) for Ford Motor Company and also approval of plug-in vehicle engineering credits in amount not to exceed \$25 million (not to exceed \$15 million per tax year) for Ford Motor Company.

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Battery Credit requests and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of**

**Resolutions 2009-034. Ms. Nelson seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent Then, **Mr. Buckler made a motion for approval of Resolutions 2009-035.**

**Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

#### **Resolution 2009-036: General Motors Corporation – Plug-In Electric Vehicle Engineering Tax Credit**

#### **Resolution 2009-037: General Motors Corporation – Plug-In Battery Pack Credit**

*Bruce Seymour introduced the guest presenters who provided background information on the company and the following two actions: Eric Henning – GM Public Policy; Candace Butler, Manager of Economic Development – GM Worldwide Real Estate*

General Motors Corporation (GM), which was founded in 1908 and manufactures and markets automobiles, automotive systems, engines, heavy-duty automatic transmissions and component parts worldwide, is evaluating its overall product portfolio and the need for new products. As part of this evaluation, a business case is being developed for a Michigan location to support activities related to vehicle engineering and development for battery integration, prototyping and launch expenses including a Michigan location to support an in-house battery module and pack assembly facility to provide the lithium ion batteries for the new Chevrolet Volt beginning in the 2010 calendar year.

*Amy Deprez provided additional information.*

To support its plug-in electric vehicle engineering efforts, GM is requesting vehicle engineering credits in the amount of \$45 million (\$15 million per year for three years). The credits may be claimed for the tax year beginning January 1, 2012. Also, GM anticipates the production of 16 KWH battery packs and would like to request allocation of plug-in traction battery credits.

**Recommendation:** MEDC staff recommends approval of plug-in vehicle engineering credits in amount not to exceed \$45 million (\$15 million per year for three years) for General Motors Corporation and also approval of Plug-In Traction Battery credits for General Motors Corporation LLC not to exceed 70,000 units for maximum credit of \$115 million (\$40 million in 2011, \$37.5 million in 2012, \$37.5 million in 2013).

**Board Discussion:** *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Battery Credit requests and recommends approval.* Mr. Mason asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of**

**Resolutions 2009-036. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent Then, **Ms. Shinn made a motion for approval of Resolutions 2009-037. Ms. Nelson seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

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

**ADJOURNMENT:** The meeting was adjourned at 12:12 p.m.