

## Approved Minutes

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Victor Office Center, 201 North Washington Square, 4th Floor, Lansing, Michigan on February 20, 1996 at 2:00 p.m.

### Members Present:

Doug Rothwell, Chairperson  
Elizabeth McDermott Chappell (via phone)  
Phil Kazmierski (acting for and on behalf of Robert A. Welke, authorization attached)  
Mark Haas (acting for and on behalf of Douglas Roberts, authorization attached)  
William LaMothe  
John McCormack

### Members Absent:

David Porteous  
Mark Murray

### Others Present:

Al Aceves, MEGA Specialist, Michigan Jobs Commission  
Jim Donaldson, Outstate Regional Director, Michigan Jobs Commission  
Jeff Fraser, Varnum, Riddering, Schmidt & Howlett  
Tim A. Garrett, Assistant Vice President, Honda of America  
Sukehisa Niwa, Senior Managing Director, Asama Giken Co., Ltd.  
Mike Pohnl, MEGA Specialist, Michigan Jobs Commission  
Stafford Saunders, Account Representative, Michigan Jobs Commission  
Larry R. Schrauben, Michigan Jobs Commission  
Bill Stewart, City Manager, City of Coldwater  
Douglas Stites, Chief Operating Officer, Michigan Jobs Commission  
Jim Viventi, Varnum, Riddering, Schmidt & Howlett  
Patricia G. Welling, Michigan Jobs Commission

### Call to Order

The meeting was called to order by Chairman Rothwell at 2:08 p.m.

### Adoption of the Minutes from the December 12, 1995 Meeting

Mr. McCormack noted he attended the meeting but his name was not included in any of the votes on resolutions. The minutes should be corrected to include Mr. McCormack's name in the votes on each resolution.

It was moved, supported, and carried that the Minutes from the December 12, 1995 meeting be adopted as corrected.

ADOPTED:

AYES: Doug Rothwell, Phil Kazmierski (acting for and on behalf of Robert A. Welke, authorization attached), Mark Haas (acting for and on behalf of Douglas Roberts, authorization attached), Elizabeth McDermott Chappell (via phone), William LaMothe, John McCormack

NAYS: None.

### Public Comment

None

### Action Items

Asama Giken Co., Ltd.  
600 Hei Komoro City  
Nagaro 384, Japan

Chairman Rothwell introduced Mr. Jim Donaldson of the Michigan Jobs Commission and stated that Mr. Donaldson would be presenting a summary of the proposed project. He asked Mr. Donaldson to introduce the Asama Giken group. Mr. Donaldson introduced Stafford Saunders, Account Manager and asked him to make the introductions. Mr. Saunders introduced Sukehisa Niwa, Senior Managing Director, Asama Giken Co., Ltd.; Tim A. Garrett, Assistant Vice President, Honda of America; Jeff Fraser, Varnum, Riddering, Schmidt & Howlett; and Bill Stewart, City Manager, City of Coldwater. After introductions were completed, Mr. Saunders turned the presentation back over to Mr. Donaldson.

### History of Company

Asama Giken was established in 1973. The company produces cast iron automotive parts. Their main products are disc brake rotors, steering knuckles, cylinder sleeves, differential gears, rear brake drums, clutch plates and exhaust manifolds. Currently, Asama Giken employs 750 in Japan and Indonesia. Honda is Asama Giken's main customer and their planned location in the United States, their first North America operation, will be primarily to supply the Honda plants in Ohio and Ontario.

### Project Description

This project will be a joint venture between Honda Motor Company Limited and Asama Giken. The new facility, which will be built in either Northeast Indiana or Coldwater, Michigan, will produce exhaust manifolds for the Honda Accord and the new minivan. This product will be used for the 1998 model year vehicles and the company expects to begin production in the second quarter of 1997 with full production by 1999. The project represents a \$29 million investment in

building and equipment. Approximately 300 people will be employed in a 75,000 square foot facility that could expand to 150,000 square feet in 1999.

### Cost Analysis

Based on figures obtained from the company, the annual cost disadvantage for Asama Giken Company, Ltd. to establish their manufacturing facility in Coldwater, Michigan rather than in Northeast Indiana, range as high as \$300,000 over the term of the incentive. The cost differential is primarily attributable to worker compensation and utility costs.

### Benefit to State

Based on the economic analysis done at the University of Michigan, it is estimated that this facility will generate a total of 595 new jobs in the state by the year 2007. Total state government revenues through the year 2007, net of MEGA costs, net of property tax abatement costs, and adjusted for inflation would be increased by \$16,860,000 (1996 dollars) due to the presence of the Asama Giken facility in Coldwater.

### Staff Recommendation

The Michigan Jobs Commission recommends a MEGA employment credit of 50 percent for a period of 10 years for up to 300 employees.

Mr. LaMothe asked Mr. Stewart if the City of Coldwater offered a 12-year abatement? Mr. Stewart responded a 12-year abatement was offered to Asama Giken on real property and a 6-year abatement on personal property.

Mr. McCormack wanted to know the difference between the utility rates in Michigan and Indiana. Mr. Pohnl responded that there was only a 10% gap in utility rates while workers compensation played a much larger role in the cost differential in establishing the plant here versus Indiana.

Mr. Kazmierski asked if the company planned to use rail transportation. Mr. Donaldson said the company plans to use trucks as their primary mode of transportation.

It was moved, supported, and carried that Resolution 1996-001 awarding tax credits to Asama Giken Co., Ltd. be adopted.

### ADOPTED:

AYES: Doug Rothwell, Phil Kazmierski (acting for and on behalf of Robert A. Welke, authorization attached), Mark Haas (acting for and on behalf of Douglas Roberts, authorization attached), Elizabeth McDermott Chappell (via phone), William LaMothe, John McCormack

NAYS: None

**Amsted Industries, Inc. - Amending Resolution**

Mr. Pohnl presented.

At its November 14, 1995 meeting, MEGA granted a tax credit (Resolution 1995-013) to Standard Automotive Parts Company, a division of Amsted Industries, Inc., commencing with the company's 1998 tax year.

However, the information provided in Standard Automotive Parts Company's original MEGA application indicated that the project's first year of operations would be 1998 making the project's anniversary date 1999. Therefore, Resolution 1995-013 should have stated that the company's first year utilizing the tax credit would be 1999 rather than 1998.

Staff recommends approval of Resolution 1996-002 to change the first year of the company's tax credit from 1998 to 1999.

It was moved, supported, and carried that Resolution 1996-002 for Amsted Industries, Inc. be adopted.

ADOPTED:

AYES: Doug Rothwell, Phil Kazmierski (acting for and on behalf of Robert A. Welke, authorization attached), Mark Haas (acting for and on behalf of Douglas Roberts, authorization attached), Elizabeth McDermott Chappell (via phone), William LaMothe, John McCormack

NAYS: None

**Shiloh of Michigan - Amending Resolution**

Mr. Pohnl presented.

Shiloh Industries, Inc. was granted a MEGA tax credit on October 2, 1995. Subsequent to finalizing the MEGA tax credit agreement, Shiloh of Michigan, Incorporated and River Rouge Steel entered into a joint venture agreement whereby Rouge Steel purchased a percentage of the operation in Romulus, Michigan. As a result, Shiloh of Michigan, Incorporated changed its name to Shiloh of Michigan, L.L.C.

Staff recommends approval of Resolution 1996-003 to change the company's name to Shiloh of Michigan, L.L.C.

It was moved, supported, and carried that Resolution 1996-003 for Shiloh of Michigan, L.L.C. be adopted.

**ADOPTED:**

**AYES:** Doug Rothwell, Phil Kazmierski (acting for and on behalf of Robert A. Welke, authorization attached), Mark Haas (acting for and on behalf of Douglas Roberts, authorization attached), Elizabeth McDermott Chappell (via phone), William LaMothe, John McCormack

**NAYS:** None

**MEGA Annual Report**

Chairman Rothwell complimented staff, especially Mike Pohnl, for a job well done on the annual report.

Ms. Chappell also thought that staff did an excellent job on the report.

Mr. Haas also complimented the staff. He also suggested that the next annual report somehow show the impact and assistance provided by local governments to these projects, since MEGA is a partnership of State government, local government and business. Chairman Rothwell suggested that language could be added to the cover letter to recognize local support.

It was moved, supported, and carried that the Annual Report for MEGA be adopted.

**Other Business**

Mr. LaMothe wanted to know where in the process the MJC was in obtaining legislative support to extend MEGA.

Chairman Rothwell stated that this issue is high priority for the Governor and will be addressed in the near future.

Mr. McCormack noted that individual Board members were interested in assisting wherever possible to encourage positive action on extending the MEGA legislation.

Mr. Stites stated that a special meeting will be scheduled for March 1 in order to accommodate the needs of a company. Mr. Stites apologized that the application was not ready for the Board at this meeting. Also, the MEGA Board meeting scheduled for March 12 may need to be rescheduled for later in the month to act on other applications in the works.

Mr. Haas indicated that he would not be able to attend the meeting scheduled for March 1.

**Adjournment**

The meeting adjourned at 2:30 p.m.