

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on March 13, 2007, at 10:00 a.m.

Members Present

Keith Cooley

Bo Garcia

Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached)

Jeff Mason (acting on behalf of Jim Epolito, authorization attached)

Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

Others Present

Karen Ammarman, Secretary to the Board, MEDC

Amy Banninga, MEDC

Roger Barton, Redford Township Medical Building, LLC

Jared Belka, MEDC

Tiffany Bloom, MEDC

Joe Borgstrom, MSHDA

Ken Bowen, Ashley Capital

Stacy Bowerman, MEDC

Toni Brownfield, MEDC

Candace Butler, General Motors Corporation

JoAnn Crary, Saginaw Future, Inc.

Lisa Dancsok, MEDC

Michael Dennis, Redford Township

Nils Dietz, Kostal of America, Inc.

Jim Donaldson, MEDC

Dilip Dubey, Netlink Software Group America, Inc.

Stephen Haakenson, MEDC

Gary Glick PhD, Lycera Corporation

Susan Harvey, Ashley Capital

Eric Henning, General Motors Corporation

Sue Jackson, The Right Place, Inc.

Anne Jamison-Urena, AKTPeerless

Carol Knobloch Johns, MEDC

Gina Jucera, Global Exeter

Bill Leuthge, Delphi Corporation

Brian McBroom, City of Auburn Hills

Mark Morante, MEDC

Brian Murphy, City of Troy

Mary Nicholson, MBtech Autodie, LLC

Susan Novakoski, MEDC

Dan Ogema, City of Grand Rapids

Roger Parson, Netlink Software Group America, Inc.

Nate Pilon, MEDC

Mike Pohnl, MEDC

Matthew Rick, Attorney General's Office
Tim Robinson, Ann Arbor SPARK
Christine Roeder, MEDC
Mike Shore, MEDC
Anil Verma, Delphi Corporation
Don Voyles, Kostal of America, Inc.
Tom Wackerman, ASTI Environmental
Camille Walker, City of Madison Heights
Brian Walmsley, Global Exeter
Tom Woods, Delphi Corporation

Call to Order

Jeff Mason called the meeting to order at 10:08 a.m.

Approval of Minutes from February 13, 2007

After review, a motion was made, supported and carried that board meeting minutes from the February 13, 2007, meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Delphi Automotive Systems LLC
5725 Delphi Drive
Troy, Michigan 48098*

Jim Donaldson introduced Bill Leuthge, Anil Verma, and Tom Woods with Delphi Corporation and Brian McBroom from the City of Auburn Hills. Delphi is one of the largest global suppliers of vehicle electronics, transportation components, integrated systems and modules and other electronic technology and supplies products to nearly every major global automotive equipment manufacturer. Delphi has diversified its customer base through its technological and manufacturing core competencies and is making increasingly significant contributions in communications, computers, automotive aftermarket, consumer electronics, energy and the medical devices industry. They have established an expansive global presence, with a network of manufacturing centers, sales offices and joint ventures located in every major region of the world.

Delphi Automotive Systems proposes to house research and development, engineering and business functions associated with automotive and non-automotive products in Auburn Hills, Michigan to consolidate several leased and owned facilities into a single location. Up to 1,117 jobs will be retained in the State of Michigan and an additional 40 jobs will be relocated to the State. The average wage of these jobs is approximately \$39.75 per hour.

The project involves about \$42M of total spending including about \$22M of capital. Building and site improvements are planned, as well as relocation of engineering process equipment and significant investment in new Information Technology.

It is estimated that retention of the company's manufacturing facilities will retain a total of 2004 jobs in the state by the year 2015. We also estimate that the project would maintain total state government revenues through the year 2015, of \$83.8 million due to the retention of this facility.

The company must achieve cost savings and efficiencies in every facet of its operations and is looking at every possibility to identify and pursue operational efficiencies and savings. Delphi must choose whether to locate engineering talent in Michigan or at lower cost facilities in Central Europe, Asia or Mexico.

The City of Auburn Hills expects to transfer an existing real property tax abatement to Delphi and proposes a 50% abatement of personal property taxes for 8 years for equipment new to Michigan tax rolls.

Recommendation

The Michigan Economic Development Corporation recommends a seven year employment credit with a 100 percent credit for the first year and a 35 percent credit for years two through seven for the retention of up to 1,117 jobs in Michigan.

As required by the MEGA statute, this credit is subject to a clawback should the company not meet certain contractual requirements.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit.

Karen Ammarman discussed the fact that Delphi Corporation, the parent of the Company, has submitted a chapter 11 plan of reorganization for its southeast Michigan operation and that its plans for the retention are economically sound. A change to the resolution was necessary.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-15, authorizing a retention MEGA tax credit with clawback for Delphi Automotive Systems LLC, was adopted as amended.

ACTION ITEM

*General Motors Corporation
200 Renaissance Center
Detroit, Michigan 48265*

The credit will be contingent upon the company making total investment of at least \$500 million at Michigan facilities by December 31, 2010. As required by the MEGA statute, this credit is subject to a clawback should the company not meet certain contractual requirements.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit.

Mark Morante added clarification with regard to the nature of the credit. This is a retention credit at multiple sites.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-16, authorizing a retention MEGA tax credit for General Motors Corporation was adopted.

ACTION ITEM

*MBtech Autodie, LLC
44 Coldbrook, NW
Grand Rapids, Michigan 49503*

Mark Morante introduced Dan Ogemaw from the City of Grand Rapids and Mary Nicholson with MBtech Autodie, LLC. Ms. Nicholson discussed the project for the board. MBtech, a wholly-owned subsidiary of DaimlerChrysler North American Holdings, purchased the assets of Autodie in November 2006 from Comau Pico and proposed to continue to operate the business with a similar product line. MBtech brings strong experience in the industry, and under their leadership MBtech Autodie, LLC, will implement lean manufacturing techniques.

MBtech Autodie, LLC, a tool and die company, supplies the automotive industry with stamping dies for sheet metal parts and tryout and repair services for stamping dies. The company hopes to become globally competitive and expand the business to the full potential afforded by the size of the building and assortment of equipment. MBtech Autodie, LLC, anticipates investments of up to \$5.4 million to upgrade the existing operation and the retention of up to 271 jobs at the facility, paying an average weekly wage of \$960.

It is estimated that this facility will retain a total of 422 jobs in the state by the year 2015. It is also estimated that the project would maintain total state government revenues through the year 2015, of \$10.7 million due to the retention of this facility.

The City of Grand Rapids has approved a 6-year Redevelopment Renaissance Zone for the MBtech Autodie, LLC facility located in Grand Rapids. Based on the tax information provided by the company, the MEDC estimates the value of the Renaissance Zone to be \$1.1 million.

The City of Auburn Hills has proposed a 50 percent abatement under PA 198 for a period of six to eight years for personal property. The estimated value of this abatement is \$11,000. The abatement is expected to be finalized in April 2007.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 5 years, for up to 59 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of a high-tech MEGA tax credit.

Toni Brownfield pointed out that the length of the community abatement in the resolution was incorrect. A change will be made to the resolution to reflect the City of Auburn Hills intends to approve a 50 percent abatement of the Company's personal property taxes related to the Project for period of six to eight years.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-18, authorizing a high-tech MEGA tax credit for FACTON, Inc., was adopted.

ACTION ITEM

*Kostal of America, Inc.
25325 Regency Drive
Novi, Michigan 48375*

Jim Donaldson introduced Brian Murphy from the City of Troy and Nils Dietz and Brian Murphy with Kostal of America, Inc. Mr. Dietz discussed the project of the board. Kostal of America, Inc., located in Novi, Michigan, is part of The Kostal Group, which is a technology focused, family owned company. Their main activities include the development and manufacturing of technologically advanced electronic and electromechanical (mechatronic) products for the automotive industry. They have 22 locations worldwide, with a global workforce of around 10,500 employees. Kostal of America, Inc. employs 86 associates in Michigan.

The Kostal Group anticipates opening three international research and development centers of excellence. One research and development center will be located in each of the following locations: Germany, Asia and within the NAFTA Region. Kostal of America, Inc. will organize, operate and be responsible for the Kostal Group's research and development center for the NAFTA region.

The proposed research and development center will be an expansion and relocation of its current operation. Kostal of America, Inc. expects to hire up to 203 new employees over the next five years at an average weekly wage of \$1,549. Capital investment for this project is expected to be approximately \$13.6 million, including the purchase and improvements of a building, furniture, fixtures, and machinery and equipment.

The company is seeking approximately \$36.0 million to fund its first three years of operations, as well as to provide it with the opportunity to in-license additional technology. The company is also considering locations in the Greater Philadelphia area, New Jersey, Florida, Northern California, and Seattle.

If the company locates in Michigan, they are considering establishing their operations in SPARK's wet lab incubator in the City of Ann Arbor. During its first year, the company expects to spend approximately \$676,000 on real and personal property, and will create twelve new jobs. When fully staffed, the company hopes to create 28 new jobs with an anticipated average weekly wage of \$2,315.

It is estimated that this facility will generate a total of 34 jobs in the state by the year 2011. It is also estimated that total state government revenues through the year 2011, would be increased by \$456,000 due to the presence of this facility.

Ann Arbor SPARK has proposed a subsidized lease at its wet lab incubator which will save the company up to \$127,000 over three years or \$444,000 over five years. SPARK is also offering approximately \$150,000 of used lab equipment through its Michigan Innovation Equipment Depot program.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 5 years, for up to 28 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of a high-tech MEGA tax credit.

Keith Cooley asked what type of employees the company plans to hire. Dr. Glick responded that the company intended on hiring programmers, research scientists, PhDs, network engineers, and support staff.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-20, authorizing a high-tech MEGA tax credit for Lycera Corporation, was adopted.

ACTION ITEM

*Netlink Software Group America, Inc.
200 Galleria Officentre, Suite 109
Southfield, Michigan 48034*

Jim Donaldson introduced Camille Walker from the City of Madison Heights and Dilip Dubey with Netlink Software Group America, Inc. Mr. Dubey discussed the project of the board. Netlink Software Group, a worldwide provider of professional information technology services, was founded in 1991. In January 2006, Netlink Software Group acquired Internet Operations Center, Inc., a Southfield based hosting and connectivity

legislation called for MEGA to enter into an agreement detailing the terms and conditions of the tax credit. Due to technical deficiencies in the original statute, the Act was amended at the end of last year. Now PA 472 of 2006, the Act requires MEGA and the taxpayers to enter into agreements prior to April 1, 2007.

The Act provides a credit of 3.9% of the compensation paid for services performed in support of the research and development effort at the "qualified" facility in Troy. These credits will be for tax years that begin on or after January 1, 2006 and end before January 1, 2016. The maximum amount of the credit is limited to \$3 million a year per company, and in order to qualify for the credit, the research and development conducted must be on a hybrid system, the primary purpose of which is the propulsion of a motor vehicle.

General Motors is planning on housing 140 people at the facility at an average annual wage of \$101,400. The annual credit at these figures would be about \$554,000. DaimlerChrysler is planning on housing 206 people at the facility at an average annual wage of \$119,808. The annual credit at these figures would be about \$963,000. BMW is planning on housing 59 people at the facility at an average annual wage of \$173,946. The annual credit at these figures would be about \$400,000. Please note that these are only estimates; fewer or more jobs could be housed at the qualified facility affecting the value of the credits.

The law requires the agreement to specify the type and number of jobs to which the credit applies; describe the type of work to be performed by the "incented" employees; and describe any other terms and conditions MEGA considers in the public interest.

Pursuant to the discretion granted the MEGA Board by the statute, the agreements contain two additional conditions the credit will only be authorized and calculated on those employees whose average hourly wage is equal to or greater than 300% of the federal minimum wage and the credit for years four through ten will be prorated based upon the number of employees the company had in the first three years of the credit.

RECOMMENDATION

Staff recommends the MEGA Board authorize the MEGA staff to execute written Agreements with the Company(s) in substantially the form distributed at the Board meeting.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested authorization to execute written Agreements.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-22, authorizing a written Agreement for BMW Hybrid Technology Corporation, Resolution 2007-23, authorizing a written Agreement for DaimlerChrysler Corporation, and Resolution 2007-24, authorizing a written Agreement for General Motors Corporation were adopted.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 5,296,416
Infrastructure Improvements	\$ 1,931,637
Site Preparation	\$ 3,782,181
Contingency (15%)	\$ 1,651,536
TOTAL	\$ 12,661,770

There are 44.7683 mills available for capture, with school millage equaling 23.8258 mills (53%) and local millage equaling 20.9425 mills (47%). The recommended tax capture breaks down as follows:

School tax capture (53%)	\$ 6,710,738
Local tax capture (47%)	\$ 5,951,032
TOTAL	\$ 12,661,770

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$12,661,770, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$6,710,738.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of local and school tax capture for this project.

Jackie Shinn asked whether the company would be working with industrial clients. Ms. Harvey explained they are working with their tenant base, which may include some industrial clients.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-25, authorizing the capture of local and state operating taxes for the City of Grand Rapids Brownfield Redevelopment Authority, for the Ashley Capital (Former Steelcase property) project, was adopted.

ACTION ITEM

*Redford Township Brownfield Redevelopment Authority
Redford, Michigan 48239*

Joe Borgstrom introduced Rodger Barton with Redford Township Medical Building, LLC, Anne Jamison-Urena with AKTPeerless, and Michael Dennis from Redford Township. Mr. Barton described the project which involves demolition of a vacant, functionally obsolete building and the construction of a 12,000 square foot, single story medical clinic on Beech Daly Road in Redford Township, Wayne County. Substantial improvements will be made to public infrastructure by the DDA. The site is one of several vacant and blighted commercial parcels along Beech Daly that the DDA has targeted for redevelopment and business attraction as part of its master plan.

<u>PERSONAL PROPERTY</u>	
School tax capture (48%)	\$ 17,042
Local tax capture (52%)	\$ 18,686
TOTAL	\$ 35,728

<u>OVERALL</u>	
School tax capture (78%)	\$ 130,981
Local tax capture (22%)	\$ 36,019
TOTAL	\$ 167,000

RECOMMENDATION:

The brownfield redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$167,000 described above. Utilizing the current state to local capture ratios, the amount of school tax capture for this project is estimated at \$130,981.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of local and school tax capture for this project.

Keith Cooley asked what the building housed previously. Ms. Jamison-Urena explained that the building was previously a gas station that was demolished in 1982. Mr. Cooley asked if the tanks had been removed. Ms. Jamison-Urena stated that they had.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-26, authorizing the capture of local and state operating taxes for the Redford Township Brownfield Redevelopment Authority, for the Redford Township Medical Building, LLC project, was adopted.

The meeting was adjourned at 11:12 a.m.

The next board meeting is scheduled to take place on April 17, 2007.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

February 13, 2007

Michigan Economic Growth Authority
300 North Washington Square
Lansing, MI 48913

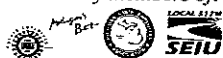
To Whom It May Concern:

I hereby designate Andrew Lockwood, Bureau of Tax and Economic Policy, Department of Treasury, to represent me at the Michigan Economic Growth Authority Board meetings, which I am unable to attend.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Kleine".

Robert J. Kleine
State Treasurer





MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
7373 9808

WWW.MICHIGAN.ORG

March 2, 2007

EXECUTIVE COMMITTEE

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General Motors

WILLIAM H. POWER
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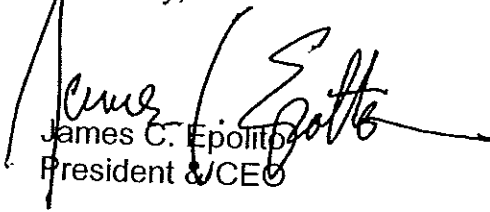
Ms. Karen Ammarman
Secretary
Michigan Economic Growth
Authority Board
300 North Washington Square
Lansing, Michigan 48913

Dear Ms. Ammarman:

I hereby designate, Jeff Mason, Senior Vice President and Chief Business Development Office to represent me and vote at any Michigan Economic Growth Authority Board meeting, as necessary.

If you have any questions, please feel free to contact me at 517-241-1400.

Sincerely,


James C. Epolito
President & CEO

sb



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

December 27, 2006

Ms. Karen Ammarman
Michigan Economic Growth Authority Board
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913

Dear Ms. Ammarman:

As of March 3, 2006, I am appointing Jacqueline G. Shinn, Chief Deputy Director, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In the case when Ms. Shinn is unable to attend a particular board meeting due to scheduling conflicts. I am appointing Michael Kapp, Administrator, Transportation Economic Development and Enhancement, as my alternate representative to attend and act on my behalf.

If you have any question regarding these appointments, please call me at 373-0718.

Sincerely,

Kirk T. Steudle, P.E.
Director