

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

ADOPTED MEETING MINUTES

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

MEMBERS PRESENT: Cullen DuBose; James Epolito; Baldomero Garcia; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached); Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

MEMBERS ABSENT: Douglas Buckler; Faye Alexander Nelson

CALL TO ORDER: Mr. Epolito called the meeting to order at 10:07 a.m.

APPROVAL OF MINUTES: Mr. Epolito asked for a motion to approve the February 3, 2009 meeting minutes. **Ms. Shinn motioned approval of the minutes. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

PUBLIC COMMENT: Mr. Epolito opened the floor for public comment and began by recognizing Mr. Greg Main as his replacement as CEO of the MEDC. Mr. Main said that he is excited and ready to be part of this great team. Mr. Epolito then recognized the Honorable Virg Bernero, Mayor of Lansing, in the audience and thanked him for his attendance. Mr. Epolito acknowledged that this was his last MEGA Board Meeting and thanked the Board for their assistance the past 3½ years.

Mr. Shinn offered a resolution honoring James C. Epolito for his service to the MEGA Board. Mr. Epolito again thanked the Board.

Mr. Epolito asked if there was any other public comment. There was no further public comment.

STANDARD MEGA CREDITS:

Resolution 2009-38: Meijer Distribution, Inc.

Aaron Young, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Michael Kinstle, Vice President – Real Estate; Dick Reed, Supervisor (Berlin Charter Township); Bill Morris, Monroe County Industrial Development Corporation and Kurt Brauer, Warner Norcross & Judd.

Mr. Kinstle spoke about the new stores that Meijer is planning on opening in Michigan in Berlin and French-Town Township(s) with more than 240,000 square feet of dry grocery space. The new locations will fill approximately 190 full-time positions and they are looking to begin the development phase in Spring 2009. Mr. Reed stated that it is rare to have all “ayes” in a township vote and this project has 100% support from the township. Ms. Shinn inquired about the difference in cost compared to Indiana. There was a \$2 million difference in the labor in Indiana and it is less expensive to build there. Meijer faces a significant competitive disadvantage by relocating in Michigan without the benefit of incentives.

Marcia Gebarowski, MEDC Project Specialist provided additional information on the project.

Recommendation: MEDC staff recommends a 100 percent standard employment tax credit for 8 years for up to 190 direct new jobs and 176 spin-off jobs in excess of the company's established full-time employee base of 1,427 in Michigan.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-38. Mr. DuBose seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-39: Mercedes-Benz Hybrid, LLC (Look-Back)

David Kurtycz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Dr. Neil Armstrong, President and Chief Executive Officer, Mercedes-Benz Hybrid, LLC; David Trebing, General Manager, State and Local Relations External Affairs and Public Policy, Daimler; Vince Nystrom, Vice President, Business Development Ann Arbor SPARK; Judy Jordan Branson, COO; and Janice Manston, State & Local Taxes General Manager.

Daimler AG is the parent company of the Daimler Group. Within Daimler AG, Mercedes-Benz Hybrid LLC ("MBHLLC") is a subsidiary of Daimler North America Corporation. MBH LLC is looking to permanently relocate a research and development center specifically for the development of hybrid knowledge. The location to be in Washtenaw County is still undetermined. Mr. Nystrom thanked David, Greg, Mercedes and the MEDC for their continued support. David said thank you and that he is upbeat about the future of the auto industry in the State of Michigan.

Greg West, MEDC Project Specialist provided additional information on the project.

The project will result in the creation of 223 direct new jobs with an average weekly wage of \$1,210. *This action is further described in Resolution 2009-39.*

Recommendation: MEDC staff recommends a 100 percent standard employment tax credit for 10 years, for up to 223 net new employees over an established employment base of 551, including a look back period.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. DuBose made a motion for approval of Resolution 2009-39. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-40: Quantum Learning Technologies, Inc.

Karen Lee, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Alan Aldworth, President & CEO; and Vince Nystrom, Ann Arbor SPARK.

Mr. Aldworth thanked staff for all of their assistance. He then described the on-line learning for K-8 educational/cogitative skilled game development. Their games are currently used in classrooms throughout the country. Quantum Learning Technologies plans to release its first online computer game to the consumer market by 2010. The company needs to hire technical and creative people to develop and launch this game. Mr. Nystrom thanked the MEDC, Karene and Marcia for their work and stated that it is critical to support this type of technology.

Marcia Gebarowski provided additional information on the project.

Quantum will invest approximately \$930,000 and create 47 jobs over the next 5 years as a result of this project. The average weekly wage for the new employees will be \$1,212.00. *This action is further described in Resolution 2009-40.*

Recommendation: MEDC staff recommends a 90 percent high-technology employment tax credit for seven years, for up to 47 net new employees, over an established employment base of 11.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-40. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

HIGH-TECH MEGA CREDITS:

Resolution 2009-41: Automated Payment Highway, Inc. d/b/a Billhighway.com

Camille Walker, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Vincent Thomas, CEO; Mark Adams, Senior Business Development (Oakland County); and Lynn Ghandi, Honigman Miller Schwartz & Cohn.

Mr. Thomas thanked and acknowledged the MEDC, especially Marcia and Camille. He explained the company and the goals they hope to attain through this credit. Billhighway.com plans to launch two new programs in 2009. To support the new product launch, the company needs to grow its sales team as well as technical staff. This launch will also allow the company to continue its research and development of new management software for its customers. A building in Troy has been identified as the future site which will accommodate its growth.

Marcia Gebarowski provided additional information on the project.

The company will invest approximately \$5.7 million and create 43 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,594.00. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

Recommendation: MEDC staff recommends an 80 percent high-technology employment tax credit for 10 years for up to 43 net new employees in excess of the company's established employment base of 17.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Ms. Shinn asked about the companies' client base. US & Canada clientele as well as working with professional, social and medical businesses. Mr. Epolito asked how long the company had been in operation. The response was 10 years. Being no more questions, **Mr. Garcia made a motion for approval of Resolution 2009-41. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-42: SoundOff Signal (Emergency Technology, Inc.)

William Kratz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Mark Litke, President & COO; Thomas Roe, CFO & VP of Administration; Jim Miedema, Supervisor, Jamestown Charter Township; and Ken Rizzio, Executive Director, Ottawa County Economic Development.

Mr. Roe thanked the MEDC, Bill and Greg and told the Board that it was a pleasure to work with such talented people. SoundOff Signal offers vehicle safety lighting products. They currently are industry leaders in safety products for police, school bus and commercial vehicles. SoundOff will be focusing on research and development of non-vehicle LED based lighting and for this expansion they are considering their current facility in Jamestown Charter Township in Ottawa County. Mr. Rizzio spoke and said that he has worked for several years for the township and that the township is supporting with a "198" and that they look forward to working with this high-tech company.

Greg West provided additional information on the project.

This project will result in the creation of 100 new jobs with an average weekly wage of \$1,045.

Recommendation: MEDC staff recommends a 100 percent seven-year high technology tax credit for up to 100 new employees, above the company's established employment base of 87.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-42. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-43: Emergent Biodefense Operations

Susan Novakoski, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Adam R. Harvey, President; Virg Bernero, Mayor, City of Lansing; Bob Trezise, President and CEO, City of Lansing EDC; Karl Dorshimer, Project Coordinator, City of Lansing, EDC; and Bob Cramer.

Mr. Harvey thanked the MEDC for its past support and said that this project is an expansion of what was started in 2005. Mayor Bernero spoke of the 100% business support of this project. The project brings great high-tech high paying jobs to the area and said that the MEDC "Incentives really work" and they always receive red carpet treatment. Emergent currently has a Retention MEGA Tax credit at the Lansing location to retain at least 275 employees there. They currently have 367 employees, all of which are in Lansing.

Josh Hundt, MEDC Project Specialist provided additional information on the project.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for ten years for up to 93 net new employees in excess of the company's established base of 367.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-43. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-44: Magna Electronics (Look-Back)

Paul Krepps, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Frank W. Ervin III, Manager, Government Affairs; Dan Casey, Economic Development Director; Mark Adams, Senior Business Development Manager – Oakland County.

Mr. Ervin thanked Valerie, Marcia, Paul and the MEDC staff and stated that this project is a "green success story" and that they are looking to create an "Electronic Automation Alley" and is already working with Ford Motor Company for a 2011 vehicle. Mr. Adams said that he is proud to be a part of this "type of technology". Mr. Casey thanked Kevin and Frank for their devotion to Auburn Hills and stated that a PA 198 Tax Abatement had been approved credit for eight years. Magna was founded in 2006 to develop and manufacture electrical/electronic products and systems for the automotive industry. In October 2008, Magna purchased the assets of BluWav Systems to enhance the company's position in supplying and developing components in the emerging market for electric and hybrid vehicles. This project will allow the expansion of resources and allow them to design, develop, test and commercialization of new product technologies.

Marcia Gebarowski provided additional information on the project.

Magna will invest approximately \$20 million and will create 90 new jobs over the next five years as a result of this project. The average weekly wage for the new jobs \$1,885.00.

Recommendation: MEDC staff recommends a 200 percent high-technology employment tax credit for years one to three, followed by a 100 percent employment tax credit for years four through seven, for up to 90 new employees in excess of the company's established base of 310.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2009-44. Mr. Shinn seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-45: Secure-24, Inc.

Eric Turngate, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Matthias Horch, CEO; Cheryl O'Brien; Joseph M. Frazio, Miller Canfield; Rochelle Katz-Freeman, City of Southfield; and Mark Adams, Oakland County.

Mr. Horch said their story began in Europe and then looked at California in the beginning. They came to Michigan and has called it "home" for the past ten years. Weather in Michigan allows for "free cooling" during the winter months and they are able to utilize the college and university talent in the area. The Data Center is housed here instead of a location in Ohio and he thanked Oakland County for their assistance. Mr. Adams said that they are excited to have a company listed as the fastest growing IT company in the state of Michigan, and the thirteenth fastest in the nation as stated in the November, 2008 issue of *Inc. Magazine*. Secure-24 provides all manner of secure data hosting and currently has 79 employees, all located in Southfield.

Josh Hundt, MEDC Project Specialist provided additional information on the project.

Secure-24 plans to invest approximately \$3.7 million and create 263 new jobs paying an average weekly rate of \$1,022 as the result of this project.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for ten years for up to 263 net new employees in excess of the company's established base of 73.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2009-45. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

HIGH-TECH / RETENTION MEGA CREDITS

Resolution 2009-046: Global Futures & Forex, Ltd. ("GFT")

Karen Hinkle, MEDC Business Development & Attraction Manager, introduced the guest presenters who provided background information on the company and this project: Gary Tilkin, GFT; George Bosnjak, The Right Place; and Greg Ripley, Deloitte Tax.

Gary thanked Karen, Marcia and the MEDC for their work and stated that they recently won one of the largest on line currency trading firm competitions. This project is a result of the companies growth and desire to continue in working Michigan George thanked everyone and said they could do this business anywhere and that he is happy that they chose the "great State of Michigan". GFT is an online foreign exchange provider that was incorporated in Michigan in 1997. The company was created to address the increasing need for foreign currency trading demands their clients had in the futures and spot foreign exchange market. They aim to bring integrity in products and improved customer service to the foreign exchange customers. The company currently employees 146 full time employees, all in Michigan.

Marcia Gebarowski provided additional information on the project.

GFT will invest approximately \$13.1 million and create 105 jobs over the next five years as a result of this project. The average weekly wage for these new positions will be \$1,268.

Recommendation: MEDC staff recommends a 90 percent high-technology employment tax credit for seven years, for up to 105 net new employees over the established employment base of 146 and a 75 percent employment tax credit for seven years for the 146 retained employees included with this project.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech/Retention MEGA Credit request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. DuBose made a motion for approval of Resolution 2009-46. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

WORK PLAN APPROVAL:

Resolution 2009-47: City of Detroit – Ten Fifteen Spruce Development

Joseph Martin, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: William Merriweather, Golden Rectangle, LLC; Gerald Johnson, Golden Rectangle, LLC; and Dan Cassidy, Soil and Materials Engineers, Inc.

Mr. Merriweather said he is “happy to be back” and thanked Joe, Sarah, Eric and the City of Detroit and MEDC. Mr. Johnson thanked the MEDC, the MEGA Board and said that it’s “a great team to be a part of”. Mr. Epolito thanked them for continuing to invest in Michigan, especially in this economic climate.

Katharine Czarnecki, MEDC Community Assistance Team Manager provided additional information on the project.

The development will result in 10 – 20 full-time jobs and consists of the redevelopment and conversion of the Albert Khan designed Detroit Creamery Building and the surrounding area into a luxury residential complex.

Work Plan: The City of Bay City Brownfield Redevelopment Authority has submitted a work plan request for the approval of \$858,525 in local and school tax capture.

Recommendation: MEDC staff recommends approval of the school tax capture for the eligible activities totaling \$858,525. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$253,291.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. DuBose made a motion for approval of Resolution 2009-47. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-48: Washtenaw County – Federal Screw Works Redevelopment

Deborah Stuart, MEDC Community Assistance Specialist, introduced the guest presenters who provided background information on the company and this project: Rene Papo, Magellan Development Company; Louis Stultz, Canopus Environmental Group, Inc.; Jeremy McCallion, Washtenaw County Brownfield Redevelopment Authority; and John Lanks.

Mr. Papo thanked the MEDC staff for all of their help with this project. The project entails the redevelopment of the former Federal Screw Works manufacturing site located in Downtown Chelsea. Asbestos abatement and demolition of the facility are planned. The commercial development will consist of five buildings, including drive-thru branch, covering 25,700 square feet of usable floor space. Three of the other buildings contain approximately 15,900 square feet of available commercial space and buildings three and four total 9,800 square feet will be designed based on the live work concept of residential units.

Katharine Czarnecki provided additional information on the project.

Work Plan: The County of Washtenaw Brown Redevelopment Authority has submitted a work plan request for approval of local and school tax capture for MEGA eligible activities in the amount of \$281,450.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$281,450. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$123,457.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Approval request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Ms. Shinn asked if the location was directly downtown. The building will be located one block from downtown. Being no more questions, **Mr. DuBose made a motion for approval of Resolution 2009-48. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

BROWNFIELD MBT CREDIT AMENDMENT:

Resolution 2009-49: Urban Development Co., LLC

Joseph Martin introduced the guest presenters who provided background information on the company and this project; Anne Jamieson-Urea, Director of Brownfield and Redevelopment Incentives, AKT Peerless; and Mark Wilcox, Managing Member, Urban Development Co., LLC.

Mr. Wilcox thanked the Board for allowing them to return, stating that he met with the State Historic Society to keep the building inline with their desire to keep as much of the original structure as possible. There currently is a restaurant interested in space as well as a possible state parks office (if funding is available). The building is very structurally sound and they plan to offer unique high-bay waterfront loft apartments for rent, adding a lot of population to a desolate area. Ms. Jamieson-Urea said there is a historic tax credit to preserve buildings along the Detroit River. She thanked MEDC staff for their continued support along the way. The original Brownfield was approved by the MEGA Board on December 18, 2007. Due to the negative changes in the housing and lending markets, this project has been unable to close the funding gap under the initial proposed scope.

Peter Anastor, MEDC Community and Urban Development Manager provided additional information on the project.

The project is returning to the MEGA Board to seek an amendment that will allow the project to move forward. First, recent changes under PA 578 of 2008, the project is requesting designation as an Urban Development Area Project (UDAP) in order to increase the maximum credit percentage to 20%, and to increase the credit amount to \$2,000,000 from \$1,588,000.

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 \$2,000,000, with a new completion date to December 20, 2013.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit Amendment request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-49. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

BROWNFIELD WORK PLAN AMENDMENT:

Resolution 2009-50: City of Southfield – Comau Southfield Redevelopment

Peter Anastor described this proposed work plan amendment seeking to amend the tax capture breakdown for the Comau Southfield Redevelopment, for \$264,000 in the local and school tax capture. Originally approved on March 18, 2008 for \$264,000 in local and school tax capture. This amendment is to notify the MEGA Board of the changes for the school portion of captured

revenues being estimated at 41% instead of the originally submitted 35%. Southfield Public School's final millage levies change prompted this change. This project is now complete. Effective December 31, 2008, all of the machinery, equipment and personnel were moved into the facility. This 115,000 facility renovation was essential as a cost effective way for the company to stay in Michigan.

Recommendation: MEDC staff recommends an amendment of the local and school tax capture breakdown for the eligible activities totaling \$264,000. Utilizing the current state to local capture ratio, the amended amount of school tax capture for this project is estimated of \$109,768.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit Amendment request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-50. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

BATTERY CREDIT:

Resolution 2009-51: Battery Cell Manufacturing Credits (aka H.B. 6611) – Appointment of a Review Board And Approval of Scoring Criteria

Eric Shreffler, MEDC Manager, Sector Development Automotive Technology, New Markets, provided information on this project.

Mr. Shreffler presented and passed out Advanced Battery Credits Review Board Bios. He stated that “quick action is required” and discussed the Review Board members on the distributed bios very briefly. The review criteria are specifically spelled out in subsection 6. Mr. Lockwood asked if all the criteria are equal. Eric stated yes, at this point they are. Ms. Shinn asked will their review then come to the MEGA Board. Eric replied, yes.

Recommendation: MEDC staff recommends approval of the review panel members and the grading criteria as outlined in the supported documentation.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Battery-Cell Manufacturing Credit Review Board request and recommends approval. Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-51. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Discussion: Mr. Epolito asked if there were any additional items to be discussed. There was no additional discussion. Mr. Epolito thanked the Board for their service to the State. Ms. Shinn thanked Mr. Epolito on behalf of the Board and wished him the best at Delta Dental.

ADJOURNMENT: The meeting was adjourned at 11:45 a.m.