

**MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
MARCH 20, 2012**

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority [MEGA] Board was held on Tuesday, March 20, 2012 at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 N. Washington Square, Lansing, Michigan 48913

MEMBERS PRESENT: Ruth Duquette [acting for and on behalf of John Nixon, designation attached], Tim Herman, Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Mark Morante [acting for and on behalf of Michael Finney, designation attached]

MEMBERS ABSENT: Cullen DuBose, Bill Martin

CALL TO ORDER: The meeting was called to order at 10:02 a.m.

APPROVAL OF THE MINUTES: Mr. Morante asked for a motion to approve the February 14, 2012 meeting minutes. **Mr. Lockwood motioned approval for the February 14, 2012 MEGA Proposed Meeting Minutes. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PUBLIC COMMENT: Mr. Morante asked if there was any public comment. There was none.

EXECUTIVE COMMITTEE REPORT: Mr. Morante asked Ms. Campbell if the Executive Committee had reviewed the projects on the agenda. Ms. Campbell replied affirmatively that the Executive Committee recommended approval of the agenda items being presented to the Board.

REVISED 2012 MEGA MEETING DATES: Mr. Morante advised the Board that the Governor had not yet signed the Executive Order transferring MEGA responsibilities to the MSF Board. Therefore, a MEGA meeting has been scheduled for May 15, 2012. Mr. Morante asked for a motion of approval for the May 15, 2012 MEGA meeting date. **Ms. Duquette motioned approval for the May 15, 2012 MEGA meeting date. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED STANDARD MEGA AMENDMENTS

LeTasha Peebles, Program Specialist, provided background information on these action items.

Resolution 2012-11 – Asset Acceptance, LLC

The Company was approved for a Standard MEGA Tax Credit on May 19, 2009. The project was to result in expanding the current facility and create additional jobs in the City of Warren, Macomb County. In the original agreement, Asset Acceptance, LLC was the only Company listed since all employees were working at the location. However, some employees have been transferred to Affiliated Companies located at a project location where growth is occurring. The additional Companies include: Consumer Credit, LLC, Legal Recovery Solutions, LLC, Asset Acceptance Recovery Services, LLC, and Asset Acceptance Solutions Group LLC. The MEGA tax credit was scheduled to begin with the Company's tax year ending December 31, 2010 with an option to pull ahead for the 2009 tax year. The additional affiliations took effect on December 31, 2011.

Recommendation: Staff recommends adding Consumer Credit, LLC, Legal Recovery Solutions, LLC, Asset Acceptance Recovery Services, LLC and Asset Acceptance Solutions Group, LLC to the

Agreement as Affiliated Business to allow their employees to be included in the Base Jobs or Qualified New Jobs. All other terms and conditions of the original agreement remain intact.

[Mr. Herman left meeting.]

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2012-11. Mr. Lockwood seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 3 absent.

[Mr. Herman returns.]

Resolution 2012-12 – Knap & Vogt Manufacturing Company

A 50 percent Standard MEGA Credit for five years was awarded to Knap & Vogt Manufacturing Company on March 15, 2011. As Knap and Vogt Manufacturing Company applied for the first year of their MEGA Credit, it was discovered that the Company had included non-Michigan residents in their MEGA Application, thereby, setting the base employment level higher than it should have been. The Company sent ADP reports to the MEDC to verify that their employment levels were, in fact, reported incorrectly. In the process of consolidating operations from Richmond, IL to their Grand Rapids, MI and Wyoming, MI facilities, Knap and Vogt Manufacturing Company has created 60 Qualified New Jobs. Already over their 50 Qualified New Jobs to claim their credit, they continue to hire additional employees.

Recommendation: Staff recommends the Base Employment Level be correctly set at 439 and Section (b) of the Resolution be amended to state the following: “In addition to the jobs specified in (a), the Company agrees to maintain a base employment level equal to or greater than the 439 full-time jobs it maintained in Michigan prior to the Project.” All other aspects of the agreement remain as is.

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-12. Ms. Duquette seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-13 – Ring Screw LLC

A five year, 100% Standard MEGA Tax Credit was awarded to Ring Screw LLC on December 14, 2010. In the original agreement, the minimum base of 509 inadvertently included Ring Screw employees that were not located in Michigan as well as some contractual workers, which do not qualify as Base Employees under the MEGA Act. The actual minimum base employment held by the Company in Michigan at the time of the original application was 463 employees. Ring Screw provided W-2 summaries of non-Michigan employees and screenshots of contractual employees to verify this number. The MEGA tax credit is scheduled to begin with the Company’s tax year ending December 31, 2012 with an option to pull ahead for the 2011 tax year.

Recommendation: Staff recommends amending the minimum base requirement from 509 to 463 in order to accurately represent the actual number of full-time employees in Michigan. All other terms and conditions of the original agreement remain intact.

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2012-13. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED HIGH-TECH MEGA AMENDMENTS

LeTasha Peebles, Program Specialist, provided background information on these action items.

Resolution 2012-14 – Delphinus Medical Technologies, Inc.

A five year, 75% High Tech MEGA Tax Credit was awarded to the Company on July 20, 2010. The original application lists fiscal year dates as October 1 to September 30. As a result, the Resolution, Agreement and Schedule A state and fiscal year end as of September 30. The Company stated this information was incorrectly reported and provided a letter stating the correct date of December 31. The Company has submitted their Annual Certificate Application for the 2011 tax year and currently is in compliance undergoing review.

Recommendation: Staff recommends amending the fiscal year end date defined in the Resolution, Agreement, and Schedule A to reflect the correct date of December 31. All other terms of the Agreement remain intact.

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-14. Ms. Duquette seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-15 – Urban Science Applications, Inc.

A 100% High Tech MEGA Credit for ten years was awarded to the Urban Science Applications, Inc. on April 14, 2009. When completing the MEGA Application, the Company listed 190 employees working at the project. It was later discovered that some of the 190 employees from two different EINS were working at the project under its affiliates ChannelVantage, Inc. and USL, Inc. At the time of application, there were a total of 202 employees at the project working for Urban Science Applications and its Affiliated Companies. As of November 15, 2011, a resolution was passed to include ChannelVantage, Inc. and USL, Inc. However, the Company has also created a new entity, Urban Science Dealer Services Group, LLC and plans to hire employees at the project site for this new entity. The MEGA tax was scheduled to begin with the Company's tax year ending December 31, 2011 with an option to pull ahead for the 2010 tax year.

Recommendation: Staff recommends that Urban Science Dealer Services Group, LLC be added to the Agreement as an Affiliated Business to allow their employees to be included as Base Jobs or Qualified New Jobs. All other terms and conditions of the agreement remain intact.

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Ms. Duquette motioned approval for Resolution 2012-15. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there was an administrative statute approved by the legislature which did not allow delegation of approval of project amendments for Qualified New Jobs and/or Addition of Affiliated Businesses. Mr. Morante suggested the Board revisit delegating authority to approve these types of amendments

Meeting adjourned at 10:12 a.m.



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

March 10, 2011

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

To Whom It May Concern:

I hereby designate Ruth Duquette, Office of Financial Management, State Budget Office, to represent me at the Michigan Economic Growth Authority Board meetings when I am unable to attend.

Sincerely,

John E. Nixon, CPA
State Budget Director
Director, Department of Technology, Management and Budget

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

December 14, 2011

Ms. Ellen Graham
Board Relations Liaison
MEDC Office
300 N. Washington Square
Lansing, Michigan 48913

Dear Ms. Graham:

I hereby designate Andrew Lockwood to represent me at MEGA Board meetings I am unable to attend.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andy Dillon".

Andy Dillon
State Treasurer

cc: Andrew Dillon



December 1, 2011

Ms. Ellen Graham
Board Relations Liaison
Michigan Economic Growth Authority
300 N. Washington Square
Lansing, Michigan 48913

Dear Ms. Graham:

I hereby designate Mark Morante, Senior V.P., Policy, Program Management and Governmental Affairs, to represent me at the Michigan Economic Growth Authority Board meetings when I am unable to attend.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Finney". The signature is written in a cursive, flowing style.

Michael A. Finney
President and CEO

Michigan Economic Development Corporation

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