

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on April 12, 2005, at 10:00 a.m.

Members Present

Bo Garcia

David Hollister

Andrew Lockwood (acting and on behalf of Jay Rising, authorization attached)

Sande-Bain MacLeod

Faye Nelson

Donald Jakeway

Jackie Shinn (acting for and on behalf of Gloria Jeff, authorization attached)

Others Present

Amy Banninga, MEDC

Kathy Blake, Sr. V.P., MEDC

Jim Donaldson, MEDC

Robin Haugen, Toyota Technical Center, U.S.A., Inc.

Carol Knobloch Johns, MEDC

Penny Launstein, MEDC

Mark Morante, MEDC

Jim Paquet, Secretary to the Board

Dave Potter, York Township

Matthew Rick, Assistant Attorney General

Sandy Ring, COO, MEDC

Tim Robinson, Washtenaw Development Council

Mike Shore, MEDC

Cathy Waltz, Toyota Technical Center, U.S.A., Inc.

Joe Zarowski, York Township

Call to Order

David Hollister called the meeting to order at 10:05 a.m.

Public Comment

There was no public comment.

ACTION ITEM

*Toyota Technical Center, U.S.A., Inc.
1555 Woodridge Avenue
Ann Arbor, Michigan 48105*

Kathy Blake began the presentation by introducing Robin Haugen and Cathy Waltz from Toyota Technical Center, U.S.A., Inc. Joe Zarowski and Dave Potter from York Township were also identified. Ms. Haugen briefed the board on the history of the company and described the project. Toyota Technical Center (TTC) conducts research and development activities for its parent, Toyota Motor Corporation. TTC's primary activities include vehicle development, evaluation and advanced technical research. TTC's major projects include development of the next generation of Toyota vehicles, research into alternative energy sources and applications, new materials development and testing, vehicle comfort evaluation, and customer satisfaction evaluation. TTC currently has 505 employees in Michigan.

Toyota Motor Corporation is one of the world's leading automakers. Together with its subsidiaries, Toyota Motor Corporation produces a full range of offerings from mini-vehicles to large trucks. Toyota Motor Corporation is headquartered in Japan, has manufacturing operations in 26 countries, and sells vehicles in more than 160 countries.

TTC plans to develop a world-class research and development facility, which will provide greater engineering capacity to meet the increasing needs of North American consumers. TTC proposes to redevelop a parcel of property currently owned by the State of Michigan, which was formerly known as the Ypsilanti Psychiatric Hospital, located in York Township, Washtenaw County. This project will reuse and redevelop a brownfield site, resulting in the remediation of an environmentally contaminated facility.

The project will require an investment of approximately \$150 million, and will employ up to 400 new full-time associates. These positions will pay an average of \$1,558 per week.

It is estimated that this facility will create a total of 677 jobs in the state by the year 2028. We also estimate that the project would create total state government revenues through the year 2028, of \$60 million due to the location of this facility.

Toyota has considered sites in several other Midwestern and southern states. Analysis of these sites shows that wages are approximately 10 percent lower than in Michigan. These additional payroll costs, as well as lower property taxes, make the cost of operations approximately \$7 million higher per year in Michigan.

The State of Michigan will offer 100 percent abatement of the six-mill State Education Tax for a length of time to match the local property tax abatement. The value of this abatement is estimated at \$3.4 million.

York Township has proposed 50 percent abatement of the company's new real and new personal property taxes for 12 years. The abatement is expected to be approved in May, 2005. The estimated value of the local property tax abatement is \$10.8 million. Mr. Zarowski from York Township was present and expressed enthusiastic support for this project on behalf of the community and Washtenaw County.

The company also plans to apply for Brownfield Redevelopment credits and tax increment financing when detailed plans and environmental assessments of the site are complete.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent look back employment tax credit for twenty years, and a 100 percent look back business activity credit for up to 400 net new employees.

Board Discussion

Kathy Blake explained the nature of a look-back tax credit, for the board (especially for new MEGA board member, Sande-Bain MacLeod).

Faye Nelson gave the Executive Committee report. After review, the Executive Committee recommended approval of the requested tax credits.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-30, approving standard MEGA tax credits with look-back provision, for Toyota Technical Center, U.S.A., Inc., was adopted.

The meeting was adjourned at 10:15 a.m.