

## 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 13, 2004, at 10:00 a.m.

### Members Present

Bo Garcia  
David Hollister  
Donald Jakeway  
Jay Rising  
Jackie Shinn (acting for and on behalf of Gloria Jeff, authorization attached)

### Others Present

Peter Anastor, MEDC  
Aaron Anthony, City of Brighton  
Kathy Blake, Sr. V.P., MEDC  
Jeff Bryant, City of Livonia  
Scott Chappelle, Strathmore Development Co.  
Christopher Cook, Infineon Technologies  
Jim Donaldson, MEDC  
Tom Hamer, Moran, Stahl & Boyer  
Mike Henry, Berrien County Administrator  
Jeff Kaczmarek, MEDC  
Carol Knobloch Johns, MEDC  
Cindy LaGrow, Berrien County EDC  
John Malbone, V.P., ICG  
Jim McBryde, MEDC  
Susan McCormick, MEDC  
Mark Morante, MEDC  
Jim Paquet, Secretary to the Board  
Jim Partlowe, Pres./CEO, ICG  
Matthew Rick, Assistant Attorney General  
Mike Shore, MEDC  
Vern Taylor, MEDC  
Randy Thelen, MEDC

### Call to Order

David Hollister called the meeting to order at 10:07 a.m.

### Approval of Minutes from March 16, 2004

A motion was made, supported and carried that the minutes from the March 16, 2004 meeting be adopted.

## Public Comment

There was no public comment.

## ACTION ITEM

*Infineon Technologies North America Corp.  
1730 North First Street  
San Jose, California 95112*

Jim Donaldson began by introducing Christopher Cook from Infineon Technologies North America, Jeff Bryant with the City of Livonia, and Tom Hamer with Moran, Stahl & Boyer. Mr. Cook discussed the corporation and their products, as well as their need for expansion. Infineon is the world's second largest provider of semiconductors for automobile systems. Infineon Technologies North America Corp. is the principle United States subsidiary of Infineon Technologies AG. In total, Infineon has 32,000 employees worldwide, with 42 currently located in Northville.

Infineon's presence in Michigan primarily involves the Automotive and Industrial Group. Infineon plans to relocate their Northville operations into a larger building and create 45 new jobs over the next five years, including 15 in the first year of the expansion. The new positions are highly compensated, with an average weekly wage of \$1,731.

For this project, the company plans to lease an existing building in Livonia. Total capital investment for the project would be approximately \$4.8 million, including \$4.5 million for capitalized lease costs and leasehold improvements, and \$330,000 for new machinery and equipment. Mr. Jeff Bryant talked about the community's support for this project and Livonia's industrial development district.

It is estimated that this facility will generate a total of 73 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$705,000 due to the presence of this facility.

In addition to Livonia, Infineon is also considering their Raleigh, North Carolina operations for this work. Infineon has a new business operations center in the Research Triangle area, as well as a state-of-the-art chip manufacturing plant in Richmond. When comparing the costs of operations between Michigan and North Carolina, the company found that both lease rates and wage rates would be lower in North Carolina for this project. The company estimates that they would save over \$100,000 per year on lease costs if they located this project in North Carolina. In addition, the company feels that wage rates would be nearly eight percent lower in North Carolina, saving the company nearly \$400,000 per year on wages.

The City of Livonia has proposed PA198 property tax abatement for this project, including 10-year abatement on both new real property and personal property. The

estimated value of local property tax abatement is \$136,900. The abatement is expected to be finalized in May.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 45 net new employees.

### **Board Discussion**

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit. Jim Paquet discussed the company's agreement to maintain its base employment level at the number of full-time jobs it maintained in Michigan 120 days prior to the date that the company executes its agreement.

Hearing no further discussion, a motion was made and supported and Resolution 2004-16, approving a MEGA tax credit for Infineon Technologies North America Corp., was adopted.

### **ACTION ITEM**

*ICG Berrien, Inc.  
9864 Church Street  
Bridgman, Michigan 49106*

Jim Donaldson introduced John Malbone and Jim Partlowe from ICG, along with Aaron Anthony with the City of Bridgman, Mike Henry, Berrien County Administrator, and Cindy LaGrow with Berrien County Economic Development Corporation (EDC). Mr. Partlowe discussed the company and their desire to expand. ICG Berrien, Inc. is a newly formed, wholly owned subsidiary of ICG Castings, Inc. The company manufactures highly engineered aluminum die cast components, primarily for the automotive and appliance industries. Currently, ICG Castings has 243 employees in Dowagiac, where the company has been in existence since 1956.

ICG Castings has gained additional contracts and further growth is not possible at their existing Dowagiac location. In order to fulfill the contracts they have been awarded, the company is considering a second aluminum die casting operation in an existing building in the City of Bridgman. The company would purchase a 140,000 square foot building, adding 75 new jobs in the first year of the project and 240 jobs over the next four years. The new positions will pay an average weekly wage of \$510.

Total capital investment for the project would be approximately \$12.5 million over five years, including \$2 million in building costs, and \$10.5 million for new machinery and equipment.

It is estimated that this facility will generate a total of 341 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$11 million due to the presence of this facility.

As part of the company's decision-making process, ICG Berrien compared the costs of the project in Bridgman to Oshkosh, Wisconsin. After a comprehensive analysis, the major cost gaps identified by the company were for building costs and personal property taxes. The investment group which owns ICG Castings has a 400,000 square foot building available in Wisconsin. By locating in this building, the company could save approximately \$2 million in building acquisition and renovation costs. In addition, Wisconsin does not have personal property taxes assessed on manufacturing machinery.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the first 150 production workers, or up to \$75,000.

The City of Bridgman is proposing a 50 percent abatement of the company's new personal property and real property improvements for 12 years, pending final adoption by the City of Bridgman. The value of the abatement is estimated at \$396,100. Final tax abatement approval is expected by June 2004.

In addition, Berrien County has agreed to provide the company with a loan up to \$2.5 million in support of this project. Ms. Cindy LaGrow with Berrien County EDC discussed the loan and answered questions.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 240 net new employees.

### **Board Discussion**

Bo Garcia gave the report of the Executive Committee and recommended approval of the MEGA tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2004-17, approving a MEGA tax credit for ICG Berrien, Inc., was adopted.

### **ACTION ITEM**

*City of East Lansing  
Brownfield Redevelopment Authority  
410 Abbott  
East Lansing, MI 48823*

Vern Taylor presented this work plan to the board. The City of East Lansing proposes to capture school and local taxes to reimburse CADA Investment Group, LLC for the cost of demolishing a functionally obsolete building and two filled-in swimming pools. Mr. Scott Chappelle was introduced as the developer of this project, and discussed it in more detail. The project is on a 2.78-acre site situated on a major thoroughfare that is a major gateway into the community. The building was constructed in 1959 and initially was a hotel. In 1982, three quarters of the building was demolished and the two pools were filled in. A substantial portion of the remaining structure has been vacant since that time and the entire structure has been vacant for the last four years. Tax increment financing will also be used to pay for the relocation of utilities and to perform eligible site preparation activities to clear the way for the redevelopment of the site.

The redevelopment project will create a mixed-use professional office and neighborhood retail center at the west entrance of the City of East Lansing. The proposed structure will consist of a two-story professional office building and a one-story neighborhood retail center. The total private investment is estimated to reach \$7,870,392.

The City of East Lansing has approved a local only tax capture to reimburse certain activities for a total cost of \$485,000.

The cost of the eligible activities totals \$1,011,000. The tax breakdown is as follows:

\$ 397,376	State School Property Taxes (39.3%)
<u>\$ 613,624</u>	Local Property Taxes (60.7%)
\$1,011,000	

**PROJECT COSTS (state share)**

Infrastructure Improvements	\$155,257
Site Preparation	\$124,204
Demolition	\$ 68,784
Contingency	<u>\$ 49,131</u>
<b>Total</b>	<b>\$397,376</b>

The property is functionally obsolete and is located within the boundaries of the City of East Lansing, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on April 7, 2004, by the East Lansing City Council.

**Recommendation**

The Michigan Economic Development Corporation recommends MEGA approve the request by the City of East Lansing and its Brownfield Redevelopment Authority to capture taxes levied for school operating purposes up to a maximum of \$397,376 to pay for eligible activities in the work plan prepared on March 26, 2004 and revised on April 1, 2004. The MEDC further recommends the City of East Lansing be authorized to capture additional school taxes to pay a proportional share of interest for the project, not to exceed \$252,344. The additional amount is contingent upon the City of East Lansing

issuing a bond to fund the activities identified in the work plan. If a bond is issued, the total school taxes may not exceed \$649,720. The total project cost is estimated to be \$1,011,000.

**Board Discussion**

Bo Garcia gave the Executive Committee report and recommended approval of the request on behalf of the Executive Committee.

Hearing no further discussion, a motion was made and supported and Resolution 2004-18, approving capture of school operating taxes for the City of East Lansing's "The Pointe" project, was adopted.

**ACTION ITEM**

*City of Ferndale Brownfield Redevelopment Authority  
300 East Nine Mile Road  
Ferndale, Michigan 48220-1797*

This item is a request for an amendment to the work plan, which Vern Taylor explained. A work plan for this project was approved December 18, 2001. The amended work plan is to request tax capture to cover the cost of public infrastructure improvements. The City of Ferndale is requiring the developer to construct about 500 linear feet of 8-inch diameter water main and an additional 60 to 80 feet of 6-inch diameter water main to extend from the 8-inch main up to the line of property owners along Marshall Avenue. This is to provide satisfactory fire protection for the development.

**TAX CAPTURE BREAKDOWN:**

\$106,078	54%	Local
\$ 91,922	46%	School
\$198,000		Total

Eligible activities:

Demolition (completed)	\$108,000
Infrastructure improvements	+ 90,000
	\$198,000

**Recommendation**

The MEDC recommends approval of the City of Ferndale's amended work plan to capture taxes levied for school operating purposes not to exceed \$91,922 for the project.

### **Board Discussion**

Bo Garcia gave the Executive Committee report and on its behalf, recommended approval of the requested amendment.

Hearing no further discussion, a motion was made and supported and Resolution 2004-19, approving an amendment to the approved work plan for the City of Ferndale's E-Z Mini Storage project, was adopted.

### **ACTION ITEM**

#### ***Brownfield Administrative Business***

Jim Paquet explained that the resolution sought the authorization of the MEGA board to allow Vern Taylor, as Brownfield Redevelopment Manager, to act as signatory for the program, to make eligibility determinations, and to approve project amendments that do not materially affect the redevelopment impacts of projects approved by the board.

### **Board Discussion**

Bo Garcia indicated that this was discussed and approved during the Executive Committee meeting.

Hearing no further discussion, a motion was made and supported and Resolution 2004-20, approving Mr. Taylor's authorization to effectively administer the Brownfield Redevelopment Program, and to approve project amendments that do not materially affect the redevelopment impacts of projects approved by this board, was adopted.

The meeting was adjourned at 10:43 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, May 18, 2004.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

GLORIA J. JEFF  
DIRECTOR

February 10, 2003

Mr. Jim Paquet, Secretary  
Michigan Economic Growth Authority Board  
Michigan Economic Development Corporation  
300 North Washington Square  
Lansing, Michigan 48913

Dear Mr. Paquet:

As of January 31, 2003, I am appointing Jackie Shinn, Administrator, Office of Transportation Economic Development and Enhancement, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In case Ms. Shinn or I are unable to attend a particular board meeting due to scheduling conflicts, I am appointing Rob Abent, Bureau Director, Multi Modal Transportation Services Bureau, as my alternate representative to attend and act on my behalf.

If you have any questions regarding these appointments, please call me at 517-373-0718.

Sincerely,

A handwritten signature in cursive script that reads "Gloria J. Jeff".

Gloria J. Jeff  
Director