

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
APRIL 17, 2012

PROPOSED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority [MEGA] Board was held on Tuesday, April 17, 2012 at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 N. Washington Square, Lansing, Michigan 48913.

MEMBERS PRESENT: Tim Herman, Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, David Quigley [acting for and on behalf of John Nixon, designation attached]

MEMBERS ABSENT: Cullen DuBose, Michael Finney

CALL TO ORDER: The meeting was called to order at 10:05 a.m.

APPROVAL OF THE MINUTES: Mr. Lockwood asked for a motion to approve the March 20, 2012 meeting minutes. **Mr. Herman motioned approval for the March 20, 2012 MEGA Proposed Meeting Minutes. Mr. Quigley seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

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

EXECUTIVE COMMITTEE REPORT: Mr. Lockwood 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.

PROPOSED ACT 381 WORK PLAN APPROVALS

Daniel Wells, Program Specialist – Brownfields, provided background information on these action items and introduced guests: Tom Stegeman, Developer, Nathan Voght, Washtenaw County Office of Community & Economic Development; Jeff Kahan, City of Ann Arbor Planning Department; Ann Jamieson, AKT Peerless, Arthur Siegal, Jaffe Raitt Heuer & Weiss, PC.

Resolution 2012-16 – Arbor Hills Crossing Redevelopment Project

Mr. Stegeman provided the Board with an overview of the project. The project will redevelop four parcels resulting in a contemporary multi-story mixed-use center. Ms. Jamieson further stated the project would include lead and asbestos abatement of the existing functionally obsolete buildings, and demolition. Mr. Siegal provided an additional legal perspective for the project. Mr. Voght advised the project will integrate various transportation options focusing on walkability, biking, and the use of public transit which will reduce traffic congestion and encourage physical activity. Mr. Kahan expressed support from the City of Ann Arbor.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2012-16. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-17 – 626 West Front Street [A.K.A. CVS] Redevelopment Project

Daniel Wells, Program Specialist – Brownfields, provided background information on this action item and introduced guests: Anne Jamieson, AKT Peerless; Jeff Viton, Planner, County of Grand Traverse Planning Department; Stephen Bach, Vice President of Operations, Velmeir; John Baumann, Director of Construction, Velmeir.

Ms. Jamieson advised the Board the project has been a challenging site for redevelopment due to contamination and ownership issues. She further explained the project is a key part of a larger Brownfield plan that addresses the comprehensive remediation of 28 parcels located around the intersection of US 37 and Front Street in Traverse City. Placement of a successful redevelopment project that includes addressing environmental concerns at the property is imperative to the overall site area cleanup and control of potential exposure to human health and the environment. Mr. Bach, Developer, advised the Board their Company has been able to bring the owners of the property to the table to discuss restrictions for this redevelopment and to move the efforts forward. Mr. Viton explained the property has been vacant for over 20 years and the developer has been instrumental in making this project happen and meeting the City's expectations.

Recommendation: Staff recommends approval of local and school tax capture for MEGA eligible activities with the contingent that the applicant shall construct the project as shown on the Site Layout Plan dated 10/17/2011 that was submitted with the Work Plan.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. Mr. Martin inquired about the contamination of the aquifer. Ms. Jamieson responded the Department of Environmental Quality is planning a two stage resolution of the project; first addressing the discharge and, secondly, any residual discharge occurrence. There being no further questions, **Mr. Herman motioned approval for Resolution 2012-17. Mr. Quigley seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BATTERY AND BATTERY RELATED MANUFACTURING

Resolution 2012-18 – Townsend Energy Solutions, LLC

Marcia Gebarowski, Regional Project Manager, provided background information on this action item and introduced guests: Subhash Dhar, Energy Power Systems, Joe Sproles, Consultant, Lynda Earhardt, Oakland County Economic Development.

Mr. Sproles provided the Board with a brief overview of the legislation passed to allow this project to move forward. He thanked the Governor's office and the MEDC for their support of this project. Mr. Dhar explained the Company is a Maryland based manufacturer of energy technology systems which would produce high powered, low cost batteries at the Wixom facility. Ms. Earhardt expressed support of the project from Oakland County and thanked the Board for their consideration of this project. Ms. Gebarowski summarized the Battery and Battery Related Manufacturing tax credit for project recommended for approval in an amount not to exceed the total of \$50 million over a four year period, and the maximum allowable credit per year would not exceed \$25 million with the following contingencies:

- The project must be located within a Renaissance Zone no later than December 31, 2012
- The Company must create at least 750 new jobs by the fourth year of the credit. Failure would result in the credit that the Company could claim to be the lesser of:
 1. 25% of the Capital Investment at the facility, with the resulting credit not to exceed \$50,000,000;
 2. \$50,000,000 times a fraction, the numerator of which is the number of New Jobs created and the denominator of which is 750; and
 3. If the total capital investment at the facility is less than \$100,000,000, the total Battery and Battery Related Manufacturing Credit that the Company may claim and retain

hereunder shall be reduced to \$25,000,000 times a fraction, the numerator of which is the number of New Jobs created and the denominator of which is 750.

Recommendation: Staff recommends approval of a Battery and Battery Related Manufacturing Credit for Townsend Energy Solutions, LLC in the amount of \$50 million over a 4 year period, provided that the maximum allowable credit per year shall not exceed \$25 million, and the maximum total credit shall not to exceed \$50,000,000 over a four year period and provided the company meets all the above-stated contingencies.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none- **Mr. Martin motioned approval for Resolution 2012-18. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT CREDIT AMENDMENT

Resolution 2012-19 Woodward Theater, LLC and Woodward SA-ZK, LLC

Dan Wells, Program Specialist – Brownfields, provided the Board with background information on this action item.

Mr. Wells explained the amendment request is to multiphase the project in order to facilitate financing on the new construction separately from the renovation and recognize differing timelines for investments to be made on the two parcels. The overall project remains as presented at the initial approval, the functionally obsolete buildings will be demolished and a new mixed use building will be constructed as well as the Garden Theater being renovated. Both phases are scheduled for completion by December of 2014.

Recommendation: Staff recommends approval of the request to multiphase the Urban Area Development Project Brownfield MBT Credit. Ms. Campbell inquired if both projects' completion dates were December of 2014. Mr. Wells replied affirmatively. Ms. Campbell suggested the language of the Resolution for this project be revised to state “this project is slated to end...” Mr. Wells stated he would revise the Resolution.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for revisions to the language of Resolution 2012-19 to include the December 2014 ending date for both phases of the project. Mr. Quigley seconded the motion.** Motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Lockwood asked for a motion to approve the revised Resolution 2012-19. **Mr. Jackson motioned approval for Resolution 2012-19. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED HIGH-TECH MEGA AMENDMENT

Resolution 2012-20 – Morley Company, Inc.

Kristin Buda, Program Specialist, provided background information on this action item.

Ms. Buda advised the Board that staff had discovered the Resolution granting the Company their MEGA tax credit incorrectly stated the Company needed to create 50 qualified new jobs. The MEGA Credit awarded to Morley Companies was a High-Tech MEGA requiring the creation of five qualified new jobs by the first tax year and 25 qualified new jobs within the first five tax years.

Recommendation: Staff recommends the Resolution be amended to correct the error and read that Morley Companies must create five qualified new jobs by the first tax year and 25 qualified new jobs within the first five tax years.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-20. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

ADMINISTRATIVE

Quarterly Reports of Administrative Amendments

Karla Campbell, Manager, State Tax Incentives, provided the Board with the list of executed MEGA amendments as authorized in October 2010 by Resolution 2010-184. All documentation related to the changes provided to the Board members are on file with the MEDC Program Administration.

Proposed MEGA Meeting Dates – May through December 2012

Ellen Graham, Board Relations Liaison, provided the Board with proposed MEGA Meeting Dates for May through December 2012. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Quigley motioned approval for the May through December 2012 MEGA meeting dates. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Meeting adjourned at 10:40 a.m.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

January 24, 2012

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 MEDC 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



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

April 11, 2012

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

To Whom It May Concern:

I hereby designate David Quigley, Office of Financial Management, State Budget Office, to represent me at the April 2012 Michigan Economic Growth Authority Board meeting since Ruth Duquette and I are unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Nixon".

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