

## ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on May 18, 2004, at 9:30 a.m.

### Members Present

Bo Garcia

Howard Heideman (acting for and on behalf of Jay Rising, authorization attached)

David Hollister

Faye Nelson

Sandy Ring (acting for and on behalf of Donald Jakeway, authorization attached)

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

### Others Present

Peter Anastor, MEDC

Teri Arbenowske, City of Farmington Hills

Nancy Baker, MEDC

Dawn Baetsen, Crowe Chizek & Co.

Amy Banninga, MEDC

Toni Brownfield, MEDC

Kelly Carr, the Battle Creek Enquirer

Rick Chapla, The Right Place Program

Martin Colburn, City of Mason

John Czarnecki, MEDC

Steve Czarnecki, Enterprise Group of Jackson

Jim Donaldson, MEDC

J. Michael Dornan, City Manager, City of Wixom

Tim Ellerbrock, Benteler Automotive

Tracy Freeman, MEDC

Cynthia Grubbs, MEDC

James Hettinger, Battle Creek Unlimited

Bridgette Jones, Battle Creek Unlimited

Miles Jones, Dawn Food Products

John Klein, V.P. Sales, Michigan Packaging

Carol Knobloch Johns, MEDC

Penny Launstein, MEDC

Jim McBryde, MEDC

Susan McCormick, MEDC

Mary McDonnell, President, RLP Technologies

Tsuneaki Machida, President, JATCO USA, Inc.

Wayne Maiers, General Dynamics Land Systems

Mark Mantay, TG North America

David Miller, Enterprise Group of Jackson

Mark Miller, City of Troy

Tiffany M. Moore, Kellogg Company

Mark Morante, MEDC  
Skip Nydam, Exec. VP, JATCO USA, Inc.  
Jim Paquet, Secretary to the Board  
Jim Phelps, Leoni Township Supervisor  
Mark Piersma, Benteler Automotive  
Mike Pohnl, MEDC  
Matthew Rick, Assistant Attorney General  
Stuart Smith, Dawn Food Products  
Jeremy Steele, Business Direct Weekly  
Vern Taylor, MEDC  
Bob Tess, Macomb County  
Kenneth Thrush, General Dynamics Land Systems  
Angelo Vitale, Quicken Loans  
Joe Voszatka, City of Wyandotte

**Call to Order**

David Hollister called the meeting to order at 9:40 a.m.

**Approval of Minutes from April 13, 2004**

A motion was made, supported and carried that the minutes from the April 13, 2004 meeting be adopted.

**Public Comment**

There was no public comment.

**ACTION ITEM**

*Kellogg North America Company  
One Kellogg Square  
Battle Creek, Michigan 49016*

Jim Donaldson began the presentation by introducing Tiffany Moore from Kellogg's and Jim Hettinger from Battle Creek Unlimited. Mr. Hettinger conveyed the community's support for this project and Ms. Moore described the project in detail.

Kellogg North America Company, established in January 2004, is a newly formed subsidiary of Kellogg Company, the world's leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, frozen waffles and meat alternatives. The company's products are marketed in more than 180 countries around the world under the brand names Kellogg's, Keebler, Pop-Tarts, Eggo, Cheez-It, Nutri-Grain, Rice Krispies and Morningstar Farms. Currently, the Kellogg Company has more than 2,200 employees in Michigan.

The project involves the relocation of the Kellogg Snack Division (formerly Keebler) from Elmhurst, Illinois to Battle Creek. The relocation would include up to 300 full time associates who would locate within current Kellogg facilities in Battle Creek. The jobs will have an average weekly wage of \$1,308.

The project would require a capital investment of \$3.2 million, including \$500,000 for building improvements and \$2.7 million for new computers and office furnishings. In addition, the company will have substantial relocation costs.

It is estimated that this facility will create a total of 538 jobs in the state by the year 2008. We also estimate that the project would create total state government revenues through the year 2008, of \$9.6 million due to the presence of this facility.

Kellogg's alternative to moving the Snacks Division is to remain in Illinois. The State of Illinois has proposed incentives to Kellogg's to maintain the company in Illinois. The company estimates it could cost \$19.8 million to move the Snacks Division, including moving costs, severance packages, relocation and recruiting costs.

The City of Battle Creek and the Michigan Economic Development Corporation support the creation of a five-year Agricultural Renaissance Zone for this project. The company would receive two full years of Renaissance Zone benefits and would make a payment-in-lieu-of-taxes to refund the benefits in years three, four and five. The estimated value of the zone is \$16,358,900. Final approval for this zone should be completed by the City of Battle Creek on June 1, 2004.

The City of Battle Creek has also proposed 50 percent abatement of the company's new real and personal property tax liability for 12 years. The estimated value of the local property tax abatement is \$985,100. The abatement is expected to be finalized by July 6, 2004.

In addition, Battle Creek Unlimited (BCU) will pool local resources, including the City of Battle Creek, the Tax Increment Finance Authority, the BCU loan fund and Battle Creek Unlimited, to provide a \$7 million, 0% loan for 25 months. The total value of this incentive is estimated at \$578,000.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for five years, for up to 300 net new employees.

### **Board Discussion**

Faye Nelson gave the Executive Committee report. On behalf of the Executive Committee, Ms. Nelson recommended approval of the requested tax credit. Hearing no further discussion, a motion was made and supported and Resolution 2004-21,

authorizing a Standard MEGA tax credit for Kellogg North America Company, was adopted.

**ACTION ITEM**

*JACTO USA, Inc.  
50660 Century Court  
Wixom, Michigan 48393*

Jim Donaldson introduced Tsuneaki Machida, President of JATCO USA, Inc., and Mike Dornan from the City of Wixom. JATCO USA's primary business has outgrown the current facility in Wixom. Mr. Machida briefly explained the company's need for expansion, to the Board. JATCO USA, Inc. was incorporated in 1997 and is a wholly-owned subsidiary of JATCO, Ltd., of Fuji City, Japan. JATCO USA provides engineering, service and remanufacturing of automatic transmissions for NAFTA region vehicles and customers. JATCO Ltd.'s current customer base includes Nissan, Mitsubishi, Volkswagen and Ford affiliates Jaguar, Land Rover and Mazda. JATCO USA is headquartered in Wixom, where it currently employs 43 associates.

The company needs to add more space to accommodate growth in the company. The project would lead to the construction of a 76,000 square foot building in Wixom that JATCO USA would lease. The company would add 75 new positions in the first year of the project and a total of 106 new positions by the third year of the project. The new positions would pay an average weekly wage of \$679. All 43 existing JATCO USA employees would be transferred to this new facility.

The project requires an investment of \$11.9 million, including \$4.6 million for capitalized lease costs on the new building and \$7.3 million for new machinery and test equipment. Construction on the new facility would begin this summer, with construction completed by November of 2005.

It is estimated that this facility will create a total of 212 jobs in the state by the year 2012. We also estimate that the project will create total state government revenues through the year 2012, of \$6.2 million due to the presence of this facility.

JATCO USA performed a comprehensive analysis of potential sites evaluated on price, quality and the ability of the company to deliver their services. The focus on locations was narrowed to Wixom and Bowling Green, Kentucky. The company found that sites in Kentucky provided lower wage and benefit costs as well as lower lease rates. Wage and benefit costs in Kentucky were estimated to be 10 percent lower, saving the company an estimated \$300,000 per year. Lease rates were found to be about \$200,000 per year lower in Kentucky, where the company found available space for \$4.55 per square foot. In addition, a majority of the customers JATCO USA services are located in the South.

The state of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the 106 new workers, or up to \$53,000.

The City of Wixom approved 50 percent abatement of the company's new real and personal property taxes for seven years at its May 11, 2004 city council meeting. This tax abatement has an estimated value of \$601,300.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 106 net new employees.

### **Board Discussion**

Faye Nelson gave the Executive Committee report. Ms. Nelson recommended approval of the requested tax credit.

The company has requested a look-back tax credit. Jim Paquet explained the nature of a look-back tax credit, and that the company will agree to maintain a base employment level equal to or greater than the number of full-time jobs it maintained in Michigan exactly 120 days prior to execution of its written agreement.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-22, authorizing a Standard Look-Back tax credit for JATCO USA, Inc., was adopted.

### **ACTION ITEM**

*Quicken Loans, Inc.  
20555 Victor Parkway  
Livonia, Michigan 48152*

Jim Donaldson introduced Angelo Vitale with Quicken Loans, who explained the need for expansion. Mark Miller from the City of Troy was also introduced. Mr. Miller talked about the company's growth plans in the city and the support that the City of Troy is offering to Quicken Loans to facilitate its expansion plans.

Quicken Loans, Inc. originally Rock Financial Corporation, was founded in 1985 by Daniel Gilbert. In 1999, Intuit purchased Rock Financial and the company was renamed Quicken Loans. In June 2002, the company was purchased back from Intuit. Today, Quicken Loans is a leading provider of direct-to-consumer home loans, offering mortgages in all 50 states. The company, headquartered in Livonia, currently has 1,380 employees in Michigan.

Quicken Loans is growing and the company needs to increase its web-based sales force and associated technology support. The company would lease 100,000 square feet of space in Troy to accommodate the growth. The project would lead to the creation of 400 jobs in the first year of the project and up to 1,200 over three years. The new positions would pay an average weekly wage of \$931.

The project would require an investment of \$29.1 million, including \$14 million for capitalized lease costs and \$15.1 million for new computer hardware, servers and office furniture. Operations would begin in January 2005.

It is estimated that this facility will create a total of 5,895 jobs in the state by the year 2009. We also estimate that the project will create total state government revenues through the year 2009, of \$280.9 million due to the presence of this facility.

Quicken Loans performed a comprehensive analysis of potential sites evaluated on the availability of qualified personnel, cost-effectiveness of the overall business environment, response to marketplace demands, taxing structure and incentives. The focus on locations was narrowed to Troy and multiple sites in Nevada. The company found that sites in Nevada offered significant tax savings compared to Michigan. Estimates comparing the taxing structures of Michigan and Nevada showed Michigan at a major disadvantage to Nevada, costing the company an estimated \$6 million per year. In addition to the tax savings, Quicken would also be able to better serve their markets on the west coast if they were two additional time zones to the west.

The City of Troy approved a contribution of \$200,000 for roadwork, landscaping and lighting on Tower Drive on May 3, 2004.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for four years, for up to 1,200 net new employees, and a 100 percent business activity credit for six years.

### **Board Discussion**

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the requested tax credit. Hearing no further discussion, a motion was made and supported and Resolution 2004-23, authorizing a standard MEGA tax credit for Quicken Loans, Inc., was adopted.

### **ACTION ITEM**

*Dawn Food Products, Inc.  
2021 Micor Drive  
Jackson, Michigan 49203*

Jim Donaldson introduced Miles Jones from Dawn Food Products and Jim Phelps from Leoni Township. They discussed the need for expansion, as well as the community's support for this project. Dawn Food Products is a manufacturer and distributor of mixes, bases, icings, glazes, fillings, ready-to-bake products, and ready-to-sell products to the

baking industry worldwide. The company is a wholly-owned subsidiary of Dawn Foods, which was founded in Jackson in 1920 and is one of the world's largest full-service, family-owned baking industry suppliers. The company is headquartered in Jackson and currently has 274 employees in Michigan.

Dawn Food Products is considering several options to allow for further growth and expansion of the company in North America. To become more efficient, Dawn would like to consolidate its Michigan headquarter and administrative operations and centralize certain corporate-wide service and purchasing functions. To achieve this goal, the company would purchase the former Jacobson's headquarters near Jackson. The project would lead to the creation of 86 new jobs in the first year of the project and up to 110 over the next four years. The new positions would pay an average weekly wage of \$645.

The project would require a direct investment by Dawn Food Products of \$12 million for capitalized lease costs, as the building will be purchased privately by a Dawn Foods investment group and leased to the operating company. In total, the investment group will spend \$11.2 million to purchase and renovate the building and another \$965,000 for new equipment.

It is estimated that this facility will create a total of 401 jobs in the state by the year 2020. We also estimate that the project would create total state government revenues through the year 2020, of \$18 million due to the presence of this facility.

Dawn Food Products also considered sites in northwest Ohio for this project. The company has significant growth in the Ohio market and several sites in that state were considered for this project. The company found that Ohio was willing to provide substantial incentives for the project, including Ohio Enterprise Zone benefits, property tax abatements, job creation tax credits, training credits and reimbursements and cash reimbursement for relocation and recruitment costs. In total, these incentives could save the company several million dollars in the next 10 years. In addition, the company found several buildings with attractive lease rates in Ohio.

Leoni Township has proposed 50 percent abatement of the company's new real and personal property taxes for 12 years. The estimated value of the local property tax abatement is \$529,200. The abatement is expected to be finalized on May 19, 2004.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 15 years, for up to 110 net new employees.

### **Board Discussion**

Faye Nelson gave the Executive Committee report and, on behalf of the committee, recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2004-24, authorizing a standard MEGA tax credit for Dawn Food Products, Inc., was adopted.

### **ACTION ITEM**

*General Dynamics Land Systems, Inc.  
PO Box 2073  
Warren, Michigan 48090*

Jim Donaldson began by introducing Wayne Maiers and Kenneth Thrush from General Dynamics Land Systems, Inc., and Bob Tess from Macomb County. On behalf of the City of Sterling Heights, Mr. Tess expressed support for the project. Mr. Maiers talked about the nature of the company and the need for company expansion. General Dynamics Land Systems designs and builds armored vehicles and subsystems for the USA and international customers, and is the defense industry's largest supplier of armored military vehicles. The company is a subsidiary of General Dynamics, a market leader in land and amphibious combat systems, mission-critical information systems and technologies, shipbuilding and marine systems, and business aviation. General Dynamics Land Systems was formed in 1982 when General Dynamics acquired Chrysler Corporation's defense operations. In March 2003, the assets of GM Defense were purchased and combined with Land Systems. General Dynamics Land Systems is headquartered in Sterling Heights and has over 2,000 employees in Michigan.

General Dynamics Land Systems was awarded a research and development contract for the US Army's Future Combat System Program in December 2003. This contract requires an increase in the engineering design and development workforce at Land Systems. To accommodate this growth, the company would lease 51,200 square feet in an existing building in Sterling Heights. The project would lead to the creation of 325 new jobs in the next year, with the positions paying an average weekly wage of \$1,396.

The project would require a capital investment of \$6.6 million, including \$4.4 million for capitalized lease costs and leasehold improvements and \$2.2 million for new test equipment and office furnishings.

It is estimated that this facility will create a total of 505 jobs in the state by the year 2015. We also estimate that the project will create total state government revenues through the year 2015, of \$24 million due to the presence of this facility.

General Dynamics Land Systems completed an analysis of several sites throughout the United States for this project. In addition to Sterling Heights, the company is considering sites in South Carolina and Florida. When comparing Michigan to South Carolina, the company found the major cost disparity was caused by wages and benefits. Wages and benefits would be 10 percent lower in South Carolina, saving the company approximately \$4.5 million annually once the project is fully staffed. In



addition, the company found a more favorable tax environment in South Carolina as well as the availability of job creation tax credits.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the new 325 workers, for up to \$162,500. The State will also provide, pending approval of local property tax abatement, a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. The value of this abatement is estimated at \$72,100.

The City of Sterling Heights has proposed 50 percent abatement of the company's new real and personal property taxes for 12 years. The estimated value of the local property tax abatement is \$243,800. The abatement is expected to be finalized on May 18, 2004.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 12 years, for up to 325 net new employees and a 100 percent business activity credit for 12 years.

### **Board Discussion**

Faye Nelson gave the report from the Executive Committee and recommended approval of the requested tax credits. Hearing no further discussion, a motion was made and supported and Resolution 2004-25, approving Standard MEGA tax credits for General Dynamics Land Systems, Inc., was adopted.

### **ACTION ITEM**

*Michigan Packaging  
700 Eden Road  
Mason, Michigan 48854*

Michigan Packaging Company (MPC) is a manufacturer of corrugated paper sheets. Jim Donaldson introduced John Klein from MPC and Martin Colburn from the City of Mason. Mr. Klein discussed the company and its plans for expansion. The company was established in 1967 and began operation in Eaton Rapids, Michigan. In 1995 MPC built a new facility in Mason and doubled its capacity. With this move came new technology and a longterm workforce who welcomed the challenge. In 2002 an additional line was added with the purchase of an Asitrade machine, establishing the company in another niche in the market. The Asitrade allows the company to offer a new label application process for their current customer base and has allowed an opportunity to bring new business into Michigan.

This project would be an expansion of the current facility in Mason, Michigan. Investment includes new equipment consisting of a corrugator, material handling roll tracks, conveyors, boiler/steam system, starch system, an Asitrade and various other machinery and building improvements.

There would be no new jobs created, however 105 jobs would be retained with an average hourly wage of approximately \$16.00. Total capital investment is estimated to be \$16,322,000. MPC is also considering locating this facility in Fort Wayne, Indiana.

It is estimated that this facility will retain a total of 227 jobs in the state by the year 2014. We also estimate that the project would maintain total state government revenues through the year 2014, of \$10.5 million due to the retention of this facility.

MPC is considering an alternative location in the Fort Wayne, Indiana area. While this location would require the construction of a new facility, the company could address storage issues and placement of machinery to maximize productivity. The Mason facility lacks adequate ceiling height to accommodate larger paper rolls. In addition, wages in Indiana would be lower and the community and state are offering an incentive package that would reduce costs significantly in the first several years of operation. The Michigan facility is only 10 years old and is readily marketable for almost any other type of industry.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$667 for each of the 105 retained workers, up to \$70,000. The State of Michigan has also offered 100 percent abatement of the six-mill state education tax worth approximately \$303,000 over the same period as the local property tax abatement.

The City of Mason has committed to providing a 50 percent abatement of the company's new real and personal property taxes for 12 years at their May 18, 2004 city council meeting. This tax abatement has an estimated value of \$1,396,000.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 105 retained employees.

### **Board Discussion**

Faye Nelson gave the Executive Committee report. The Executive Committee has recommended approval of the requested MEGA tax credit.

Jim Paquet mentioned the fact that the requested credit is for the retention of jobs currently at the MPC facility. Hearing no further discussion, a motion was made and

supported and Resolution 2004-26, authorizing a MEGA job retention tax credit for Michigan Packaging Company, was adopted.

### **ACTION ITEM**

*TG North America Corporation  
1095 Crooks Road  
Troy, Michigan 48084*

Mark Mantay, staff attorney for TG North America Corporation, (TGNA) and Mark Miller from the City of Troy were introduced to the board as this presentation began. Mr. Mantay talked about the company's project and presented a request for a high-tech MEGA tax credit.

TG North America Corporation is primarily involved in the automotive industry as a first tier automotive supplier, supplying, among other items, safety and fuel systems and interior and exterior parts. The company is also involved with the development of light emitting diode (LED) technology, a technology with high growth potential that has applications in both the automotive and non-automotive sectors.

TGNA in Troy serves as the North American headquarters for its parent company, Toyoda Gosei Co., Ltd., also primarily involved in the automotive industry. As headquarters for North American operations, TGNA conducts research, development, and engineering activities to meet its customers' technical product needs and performs administrative functions for all 13 of its North American manufacturing facility affiliates.

TGNA and its parent, Toyoda Gosei, have aggressive growth plans for the near and long term future. These plans include an expansion of TGNA's research, development, and engineering activities as well as administrative functions. To meet these needs, TGNA is considering relocating from its facility in Troy to another location in Troy, doubling the size of its current facility.

If the company expands in Troy, they will lease an existing building and invest approximately \$3.5 million in building improvements, computer hardware and related software, and furniture and fixtures. The expansion would create 50 new jobs in the first year of the project and up to 200 new jobs over the first five years. The new positions will pay an average weekly wage of \$1,459.

It is estimated this facility will generate a total of 393 jobs in the state by the year 2013. Total state government revenues through the year 2013, would be increased by \$10.1 million due to the presence of this facility.

TGNA is also considering a site in Kentucky, which would provide closer access to two of their manufacturing plants. The State of Kentucky provided incentives for the development of their production plants, and has indicated their willingness to provide incentives to TGNA for this relocation and expansion in Kentucky.

Although TGNA desires to relocate in Troy, Kentucky's lower business costs and tax incentives make the State of Kentucky an attractive site to both TGNA and its parent. Operating costs in Michigan are expected to be \$3 million higher than in Kentucky, which will be only partially bridged by this incentive.

The City of Troy has approved development of a new corporate park adjacent to the project site. The city will lease the property from its current owner, develop it as a park at the cost of \$57,000, and will take the property off of the tax rolls for 10 years, at an expected cost per year of \$7,000.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 200 net new employees.

### **Board Discussion**

Faye Nelson gave the report of the Executive Committee and recommended approval of the requested tax credit. Hearing no further discussion, a motion was made and supported and Resolution 2004-27, approving a high-tech tax credit for TG North America Corporation, was adopted.

### **ACTION ITEM**

*RLP Technologies, Inc.  
26955 Northwestern Highway  
Southfield, Michigan 48034*

RLP Technologies, Inc. is a newly formed, wholly-owned subsidiary of R.L. Polk & Co. Jim Donaldson introduced Mary McDonnell, President of RLP Technologies, who talked about the company's expansion plans. Ms. Teri Arbenowske with the City of Farmington Hills was also introduced. Ms. Arbenowske expressed the community's support for this project. R.L. Polk is a premier provider of automotive information solution services to corporations worldwide and employs over 1,400 people, including 488 at their headquarters in Southfield. RLP Technologies was created to provide research and development support to R.L. Polk. RLP Technologies currently has no employees.

The company will initially focus on the development of a new data handling and compilation system for R.L. Polk. This will include the development of new software, processes and tools to provide increased speed, flexibility and quality of Polk products. The project will lead to the creation of 50 jobs in the first year of the project and a total of 150 jobs over five years. The average weekly wage is expected to be \$1,270.

For this project, the company plans to lease an existing building in Farmington Hills. Total capital investment for the project would be approximately \$4.85 million, including \$2.25 million for capitalized lease costs and leasehold improvements, and \$2.6 million for new furniture, fixtures and computers.

It is estimated that this facility will generate a total of 142 jobs in the state by the year 2012. Total state government revenues through the year 2012, would be increased by \$3.9 million due to the presence of this facility.

In addition to Farmington Hills, RLP Technologies is also considering Durham, North Carolina for this research and development project. When comparing the costs of operation between Michigan and North Carolina, the company found that wage rates would be lower in North Carolina. The company estimates that they would save nearly 10 percent in wage and benefit costs if this project located in North Carolina. The wage and benefit differential could amount to nearly \$1 million annually once the project is fully staffed. In addition, the company feels there will be additional savings due to lower property taxes in North Carolina.

The City of Farmington Hills has proposed 50 percent abatement of the RLP Technologies' new personal property taxes for two years. The estimated value of the local property tax abatement is \$27,900. The abatement is expected to be finalized on May 24, 2004.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 75 percent employment tax credit for eight years, for up to 150 net new employees.

### **Board Discussion**

Ms. Nelson gave the Executive Committee report and recommended approval of the requested tax credit. Hearing no further discussion, a motion was made and supported and Resolution 2004-28, approving a high tech tax credit for RLP Technologies Inc., was adopted.

### **ACTION ITEM**

*Benteler Automotive Project  
City of Grand Rapids Brownfield Redevelopment Authority  
111 Pearl Street NW  
Grand Rapids, Michigan 49503*

Jim Donaldson introduced Mark Piersma and Tim Ellerbrock from Benteler Automotive, who discussed their company and consolidation plans in Grand Rapids. Benteler Automotive Corporation and subsidiaries, is a wholly owned subsidiary of Benteler AG. The company designs and manufactures various parts for sale in the North American

automotive industry. The tier one supplier's products included safety and structural solutions, chassis, exhaust systems, and tubular components. The company operates five plants in the United States and two plants in Canada. Benteler Automotive is considering the consolidation of two locations. The company needs to consolidate its manufacturing operations in Grand Rapids with its Wyoming warehousing operations to save on overall transportation costs, gain synergies between groups, and remain competitive. The company has two options: to continue operating out of a warehouse in Wyoming and continue to pay shipping costs, or to raze the building located on the subject property and construct a new warehouse.

The Work Plan request is designed to address the unique brownfield costs associated with the 1350 Steele Avenue building, including public infrastructure improvements, demolition of a vacant 39,800 square foot building, lead and asbestos abatement and site preparation. If these issues are addressed, the company will demolish the vacant building and parking lot and invest \$2.3 million to build a new 55,000 square foot addition onto their current facility for a manufacturing and shipping warehouse. This addition will be physically attached to the current Benteler Automotive manufacturing facility located to the north at 320 Hall Street, Grand Rapids, combining the two adjacent parcels. The project will help Benteler Automotive retain 370 full-time manufacturing jobs and position the company for future growth in Michigan.

Brownfield Work Plan approvals are granted based on several criteria outlined in the statute. These criteria have been met. The project is also seeking \$220,000 in Brownfield Single Business Tax Credit.

The original work plan request totaled \$810,000. Eligible activities totaled \$651,000 and interest costs added another \$159,000. Changes in the plan increased interest expenses to \$511,000. All interest expenses will be charged to the local tax capture.

Project Costs:	Infrastructure—Street, Sidewalk	\$ 300,000
	Demolition	\$ 200,000
	Lead Abatement	\$ 10,000
	Asbestos Abatement	\$ 40,000
	Site Preparation	\$ 100,000
	MEGA Work Plan Review	\$ 1,000
	Subtotal	\$ 651,000
	Financing costs	\$ 511,000
	TOTAL	\$1,162,000:

The tax breakdown is as follows:

\$651,000	State School Property Taxes
<u>\$511,000</u>	Local Property Taxes
\$1,162,000	

The property is contaminated and qualifies as a facility. The property is located within the boundaries of the City of Grand Rapids, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on April 20, 2004.

**Recommendation**

The Michigan Economic Development Corporation recommends approval of the eligible activities described above with a maximum school tax capture authorization of \$651,000.

**Board Discussion**

Faye Nelson gave the Executive Committee report. On behalf of the Executive Committee, it was recommended that the board approve the work plan as presented.

Matthew Rick discussed the resolution, relative to school tax capture not being used to pay interest expenses. Hearing no further discussion, a motion was made and supported, and Resolution 2004-29, authorizing the City of Grand Rapids to capture school operating taxes to cover eligible expenses for the Benteler Automotive Project, was adopted.

**ACTION ITEM**

*City of Wyandotte Brownfield Redevelopment Authority  
3131 Biddle Avenue  
Wyandotte, Michigan 48192*

A work plan for this project was approved by this board on June 17, 2003. The amended work plan requests additional school tax capture to cover the costs of additional demolition related to sub-grade basement foundations uncovered by the removal of cement slabs, containing asbestos materials and other debris.

Project costs:

Previously approved project	\$ 96,861
Demolition	20,500
Work Plan Preparation	2,000
MEGA Review Fee	<u>+ 1,000</u>
TOTAL:	\$120,361

The tax breakdown is as follows:

The tax breakdown is as follows	\$104,714	State School Taxes (87%)
<u>+ 15,647</u>		Local Taxes (13%)
\$120,361		Total

### **Recommendation**

The MEDC recommends approval of the City of Wyandotte's amended work plan to capture taxes levied for school operating purposes not to exceed \$104,714 for this project.

### **Board Discussion**

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the work plan amendment.

Hearing no further discussion, a motion was made and supported and Resolution 2004-30, authorizing amended school tax capture for the City of Wyandotte Brownfield Redevelopment Authority's Monroe Bank and Trust project, was adopted.

The meeting was adjourned at 10:45 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, June 15, 2004.





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JAY B. RISING  
STATE TREASURER

October 14, 2003

Mr. Jim Paquet  
Michigan Economic Growth Authority  
300 North Washington Square  
Lansing, MI 48913

Dear Mr. Paquet:

I hereby designate Howard Heideman, Manager, Tax Policy Analysis, Office of Revenue and Tax Analysis, Department of Treasury, to represent me at the Michigan Economic Growth Authority Board meetings, which I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay B. Rising".

Jay B. Rising  
State Treasurer



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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May 14, 2004

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Detroit Regional Chamber

FACUNDO BRAVO  
Boring Co., Inc.

W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
Center for  
Automotive Research

JOANN CRARY  
Saginaw Future Inc.

STEVEN K. HAMP  
The Henry Ford

HAYDEN H. HARRIS  
EDF Ventures

PAUL HILLEGONDS  
Detroit Renaissance

DAVID HOLLISTER  
Michigan Department of  
Labor & Economic Growth

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

MAYOR ROBERT B. JONES  
City of Kalamazoo

BIRGIT M. KLOHS  
The Right Place, Inc.

DR. IRVIN D. REID  
Wayne State University

S. MARTIN TAYLOR  
DTE Energy Company

GARY TORGOW  
Sterling Group

PETER S. WALTERS  
Fordian Industries Corp.

Mr. James Paquet  
Secretary  
Michigan Economic Growth Authority Board  
300 N. Washington Square  
Lansing, MI 48913

Dear Mr. Paquet:

I hereby designate Sandy Ring, MEDC Chief Operating Officer, to represent me and vote at all MEGA Boards Meetings when I am unable to attend.

If you have any questions, please feel free to contact me at 517-241-1400.

Sincerely,

Donald E. Jakeway  
President and CEO

Cc: Sandy Ring  
Jim Lancaster



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

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