

**MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
MAY 19, 2009**

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, May 19, 2009 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq. N., Lansing, Michigan.

MEMBERS PRESENT: Douglas Buckler; Baldomero Garcia; Greg Main; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached); Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached); Cullen DuBose

MEMBERS ABSENT: Faye Alexander Nelson

CALL TO ORDER: Mr. Main called the meeting to order at 10:02 p.m.

APPROVAL OF MINUTES:

Peter Anastor, MEDC Community and Urban Development Manager, noted there were new minutes for the Board to review.

Mr. Main asked for a motion to approve the April 14, 2009 meeting minutes. **Mr. Garcia motioned approval of the minutes. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

PUBLIC COMMENT:

Mr. Main asked if there was any public comment. There was none.

PROPOSED STANDARD MEGA CREDITS:

Resolution 2009-081: Asset Acceptance, LLC

Kasey Bracken, MEDC Business Development Manager, provided background information for this action and introduced presenters: Rion Needs, President and CEO, Asset Acceptance; Scott Thomas, Director – Business Transformation, Asset Acceptance; and Diana J. Kolakowski, EDC Director City of Warren.

Mr. Needs thanked the MEDC and Ms. Kolakowski and spoke about how he expected this project to create 400 plus jobs by expanding the company’s core qualities. Ms. Kolakowski spoke about how Mayor Foutz is pleased to work with Asset Acceptance and is anticipating the approval of a 6-year PA 328 tax abatement with an estimated value of \$172,305.

Greg West, MEDC Project Specialist, provided additional information on this project.

Asset Acceptance will be expanding their operations at their current facility in Warren, Macomb County to support national operations. They will invest approximately \$8.1 million and create 432 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$593.

Recommendation: MEDC staff recommends an 80 percent employment tax credit for seven years for up to 432 net new employees in excess of the company’s established base of 806, subject to the following: Provided that the company creates and maintains a minimum of 325 jobs, over the employment base of 806, by the end of the fifth year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2009-081. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-082: Autovan, LLC

Susan Novakoski, MEDC Business Development Manager, introduced presenters: Bob Thorne, President, Autovan; James Bishop, Jr., Manager, Autovan; Jim Ritsema, Assistant City Manager City of Battle Creek; and Doug Voshell, Marketing Director, Battle Creek Unlimited.

Mr. Thorne spoke about his hope to create 100-160 jobs over the next five years. He informed the Board that the Autovan lowered-floor-accessible and specialty vehicles are remote activated. Upon activation, the vehicle will kneel and within 20 seconds your wheelchair is locked in and you are on your way. He continued by explaining that he joined Autovan to give the physically disabled the freedom and dignity that they deserve. Mr. Thorne thanked the MEDC and Battle Creek for their time and said Autovan is poised to move forward here in Michigan. Mr. Ritsema announced the City of Battle Creeks “extreme delight” to work with Autovan and that a 12 year PA 198 tax abatement valued at \$118,000 is expected to pass. Mr. Voshell spoke about Battle Creek and Autovan’s hope to accommodate the physically disabled and bring dignity in Michigan.

Ms. Shinn asked if Autovan was marketing this technology to MDOT. Mr. Thorne expressed interest to do so and mentioned Autovan’s business orders from New York and Washington D.C. since Autovan offers the widest vehicle disability access in the world. Mr. Thorne added that the 36” access accommodates 99% of all wheelchairs. Ms. Shinn asked how far Autovan was from production. Mr. Thorne answered as early as this year. Ms. Shinn informed Mr. Thorne that MDOT has a vendors fair in June and wanted to make sure that he was invited.

Mr. Thorne finished by stating that it was Autovan’s hope to be the first in the world to integrate disability access into hybrids and electrified vehicles.

Greg West provided additional information on this project.

Autovan will invest approximately \$2,886,000 and create 140 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$564.

Recommendation: The MEDC recommends a 60 percent employment tax credit for seven years for up to 140 net new employees in excess of the company’s established base of 23, subject to the following: Provided that the company creates a minimum of 105 jobs, over the employment base of 23, by the end of the fifth year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-082. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-083: GRW Technologies, Inc.

Kathleen White, MEDC Industry Business Development Manager introduced presenters: Corinne Heitz, President, GRW Technologies; Frank Cummings, City Commissioner, City of Kentwood; and Birgit Klohs, President, The Right Place.

Ms. Heitz Spoke about how the GRW Technologies is intended to service the NAFTA market and how they have received pressure to take U.S. operations to Mexico for cost savings. Ms. Heitz added that what the Board determines today will greatly influence the company's decision of where to establish operations. Mr. Cummings spoke about the City of Kentwood being in full support of the project and the anticipated unanimous approval of PA 328 and PA 198 property tax abatements within 90 days. Ms. White mentioned that the American subsidiary had moved their entire organization from Virginia to Michigan five-years ago. The reason for moving was Michigan's qualified work force. Ms. Heitz added that they were very happy to move to Michigan five-years ago.

Mr. Main spoke about how Michigan is very happy to have GRW Technologies and to hear that Michigan is competing against Mexico for capital investment.

Ken Murdoch, MEDC Grant Specialist, provided additional information on this project.

Total investment for GRW Technologies Inc., over five years will be approximately \$2 million. This project would create 66 new jobs with an average weekly wage of \$504.

Recommendation: MEDC staff recommends a 100 percent Standard employment tax credit for seven years, for up to 66 net new employees over the established employment base of 41.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-083. Mr. DuBose seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-084: Mann+Hummel USA, Inc. (MHUS)

Kathleen White introduced presenters: David Gordon, CFO, Mann+Hummel; Ron Kitchens, CEO, Southwest Michigan First; and Jeff Erickson, Director of Economic Development, City of Portage.

Mr. Gordon thanked the MEGA Board and the MEDC. He spoke about the current challenge in the auto industry and how Mann+Hummel USA continues to explore new leveraging opportunities. Mr. Gordon explained the company's intent to consolidate other locations to Michigan. He made mention of the battery frame assembly they already produce for the Chevrolet Volt. He ended by saying the project is a good project for Portage, MI. Mr. Kitchens spoke about Michigan's ability to compete globally despite tough times. Mr. Erickson spoke about the City of Portage being very happy to work with Mann+Hummel USA, Inc.

Josh Hundt, MEDC Program Specialist, provided additional information on this project.

The proposed project will be an expansion of MHUS's headquarters and manufacturing facility in the City of Portage, Kalamazoo County. MHUS will invest approximately \$19.85 million and create 200 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$715.

Recommendation: MEDC staff recommends a 100 percent employment tax credit for seven years for up to 200 net new employees in excess of the company's established base of 218.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-084. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-085: Windtronics, LLC

Bill Kratz, MEDC Business Development Manager, introduced presenters: Reginald Adams, CEO, Windtronics; Stephen J. Warmington, Mayor, City of Muskegon; Byron Mazade, City Manager, City of Muskegon; Cathy Brubaker-Clarke, Director of Community and Economic Development; and Ed Garner, President, Muskegon Area First.

Mr. Adams thanked Mayor Warmington for his support of new green technology. Mr. Adams spoke about Windtronics being a green-tech start-up with new wind turbine technology. He further explained to the Board the difference between a traditional wind turbine and the Windtronics product which is a gearless turbine that creates power at the blade tip, not the gearbox. Mr. Adams informed the Board that a 6 mph wind is enough wind for their gearless turbine to generate power. He added that Windtronics is expecting to partner with Honeywell to manufacture small-scale wind turbines for commercial and residential use. Mr. Adams spoke about the Board's decision today significantly influenced where their five assembly plants would be built. Mr. Warmington said he was pleased to announce local support for a PA 198 and PA 328.

Ms. Shinn asked about the smaller size turbines being intended for residential and commercial use. Mr. Adams, answered yes for residential and smaller commercial use. He added that since the turbine doesn't need to be as high in the air more locations are eligible to generate wind energy. He further explained that Windtronics' hope was to market the energy pack at a good price of \$4,500.00 in ACE hardware stores. The energy pack would provide an average of 30% of a home's electricity. He noted that there is a state rebate of \$1200.00. He said the owner could receive a full payback within one-year of purchase.

Marcia Gebarowski, MEDC Project Specialist, provided additional information on this project.

Windtronics, LLC will invest approximately \$4.4 million and create 219 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$626.

Recommendation: MEDC staff recommends an 100 percent standard employment tax credit for 10 years for up to 219 net new employees in excess of the company's established base of 0.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-085. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

Resolution 2009-086: W.J.G. Enterprises Molding Company

Frank Ferro, MEDC Business Development Manager, introduced presenters: William Grice, President & CEO, W.J.G. Enterprises; Chris Baskel Assistant Director of Product Development, W.J.G Enterprises; and Bryan Myrkle, Community Development Director, City of Charlotte.

Mr. Grice thanked the MEDC and the City of Charlotte and said he has stayed in Michigan despite tough economic times. He went on to explain to the Board that he purchased a struggling company that was 100 percent auto oriented. Mr. Grice said the company is diversifying by taking advantage of the auto industries fast moving attitude and applying it into the high-tech health care industry. Mr. Myrkle said the City of Charlotte is pleased and couldn't be happier. The project has Charlotte's full support including a PA 198 tax abatement. Mr. Baskel spoke about healthcare being a trillion dollar industry with supplying equipment and pharmaceuticals. WJG is one of the 50 shareholders that make up the VHA Group which provides purchasing contracts for 2000 hospitals.

Greg West provided additional information on this project.

WJG plans to launch and produce new higher-technology medical devices for MRI and lab equipment used in the hospital systems and consumer products, such as heavy industrial equipment. WJG will invest approximately \$4 million and create 109 jobs over the next five years as a result of this project.

Recommendation: MEDC staff recommends a 100 percent employment tax credit for seven years for up to 109 net new employees in excess of the company's established base of 55.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. DuBose made a motion for approval of Resolution 2009-086. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

PROPOSED HIGH-TECHNOLOGY MEGA CREDITS:

Resolution 2009-087: CAS-MI Laboratories, LLC (CAS-MI)

Karen Lee, MEDC Business Development Manager, introduced presenters: David Riggs, President, CAS-MI; Dr. Shri Thanedar, Chairman, CAS-MI; Dr. Fred Willard, Vice President, CAS-MI; Michele Bruck, Analytical Section Manager, CAS-MI; Brenda Stumbo, Supervisor, Charter Township of Ypsilanti; Vince Nystrom, Business Development Director, Ann Arbor SPARK; and Karen Lovejoy Roe.

Mr. Riggs thanked the MEDC, the MEGA Board, and Vince Nystrom. He spoke about being a Michigan State graduate and chemist committed to Michigan. He informed the Board that CAS-MI had outgrown their space at Eastern Michigan University and hoped to consolidate their operations in Ypsilanti Township. Mr. Riggs explained that CAS-MI helps solve problems and design new products from concept to commercialization. Mr. Riggs had one of their products on hand and provided the Board with a brief demonstration of a material with properties similar to a white-board. Mr. Riggs added that permanent markers were erasable from the CAS-MI material. He pointed out that the material could be used as walls in think-tank organizations like Saturday Night Live to the walls in a bathroom stall where graffiti is a problem.

Ms. Shinn spoke about how MDOT contends with an enormous amount of graffiti and asked whether the material could be used over concrete and other possible MDOT purposes. Mr. Riggs answered Ms. Shinn with optimism and spoke about the material could be used as walls in think-tank organizations like Saturday Night Live or the walls in a bathroom stall where graffiti is a problem.

Mr. Riggs spoke about observational equipment to keep track of personnel. He pointed out that this technology was very appealing to military and paramilitary organizations like police and search and rescue units. Ms. Stumbo spoke about being excited as a community and a State and referred to the project as an answer to the community's prayers. New jobs attract new talent. Ms. Stumbo said that the community had never denied a tax abatement and the project was expect to be approved locally on June 16th. Ms. Stumbo asked the Board to please approve this action. Mr. Nystrom thanked the Board for their time.

Marcia Gebarowski provided additional information on this project.

CAS-MI will invest approximately \$3.6 million and create 60 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,072.

Recommendation: MEDC staff recommends a 70 percent high-technology employment tax credit for 10 years for up to 60 net new employees in excess of the company's established base of eight.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2009-087. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

Resolution 2009-088: DornerWorks, Ltd.

Karen Hinkle, MEDC Business Development Manager, introduced presenters: David Dorner, President, DornerWorks; Kara Wood, Grand Rapids EDC; and Birgit Klohs, President, The Right Place.

Mr. Dorner spoke about being a Calvin College engineering graduate from Michigan who first worked for Smith Aerospace. Mr. Dorner informed the Board that his present company works on complex imbedded technology in aerospace, medical, and automotive. Mr. Dorner said that he was excited to venture into the national market. Ms. Wood spoke about the city's excitement for the action. Ms. Klohs spoke about her excitement to help retain critical engineering talent.

Greg West provided additional information on this project.

DornerWorks will invest approximately \$1.5 million and create 50 jobs over the next five years as a result of this project.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 50 net new employees in excess of the company's established base of 46.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2009-088. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

Resolution 2009-089: Energy Components Group, LLC. (ECG)

Erik Tungate, MEDC National Business Project Manager, introduced presenters: Todd Kilgus, President, ECG ; Rich Pirrotta, COO, ECG; and Doug Alexander, St. Clair County EDA.

Mr. Pirrotta said he was delighted to be at the Board meeting and spoke about how Todd Kilgus had met their current customers through NextEnergy. Mr. Pirrotta stated that ECG was looking into St. Clair. He emphasized that turning auto skills into alternative energy skills is a difficult transition and support on all levels is critical. Mr. Alexander spoke about how the City is ready to move forward with PA 198 tax abatements upon the approval by the MEGA Board. Mr. Alexander noted that there have been devastating closings and this project presents a new opportunity and a new direction.

Marcia Gebarowski provided additional information on this project.

ECG will invest approximately \$21.1 million and create 250 jobs over the next five years as a result of this project.

Recommendation: MEDC staff recommends a 200 percent high-technology employment tax credit for years one through three, followed by a 100 percent employment tax credit for years four through seven for up to 250 net new employees in excess of the company's established base of 47.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Shinn made a**

motion for approval of Resolution 2009-089. Mr. Lockwood seconded the motion. The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

Resolution 2009-090: Essen Instruments, Inc.

Paul Krepps, MEDC Business Development Administrator, introduced presenter: Brad Neagle, Vice President, Essen Instruments; and Vince Nystrom, Business Development Director, Ann Arbor SPARK.

Mr. Neagle thanked the specialists, Josh Hundt, MEDC; Paul Krepps, MEDC; and Vince Nystrom of Ann Arbor SPARK. Mr. Neagle spoke about graduating from the University of Michigan and how he had come back to Michigan in 1999. He explained that many of Essen Instrument's customers were from the San Francisco Bay Area and that is where the obvious choice to relocate the company was. Mr Neagle said he was approached by local agencies to consider staying in Ann Arbor. Mr. Neagle concluded that staying is possible with the passage of the action by the MEGA Board. Mr. Nystrom said anytime you can beat California on a project, it's a good day.

Josh Hundt provided additional information on this project.

Essen Instruments, Inc. will invest approximately \$3.1 million and create 43 jobs over the next five years as a result of this project.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 43 net new employees in excess of the company's established base of 25.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-090. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

Resolution 2009-091: Pump Engineering, LLC

Aaron Young, MEDC Business Development Manager, introduced presenters: Roy Radakovich, Board Member/CEO, Pump Engineering; Bob Oklejas, President, Pump Engineering; Tom Pabin, Controller, Pump Engineering; Elke Doom, Supervisor, Huron Township; and Jim Paquet, Wayne County.

Mr. Radakovich spoke about enjoying all the good news he's heard at the MEGA Board meeting especially considering all the "doom and gloom" that's out there. Mr. Radakovich thanked the MEDC and made mention to the Board that he was a Michigan State graduate. He went on to explain the purpose of his organization and described it as progressive, innovative, and renovative. Mr. Radakovich talked about reverse osmosis and how a pump is required to force water through membranes at 1000 psi to produce fresh water. He said that Pump Engineering was working on advanced turbo chargers with required 50 percent less power than current designs. He pointed out that Pump Engineering is able to provide a basic human need and help reduce the strain that is being placed on fresh water lakes including Michigan's. Mr. Radakovich spoke about a two-trillion cubic-meter demand increase for freshwater. He emphasized that the Pump Engineering systems were neutral to the environment with a goal of wasting nothing in the reverse osmosis process. Mr. Radakovich talked about how many organizations had made offers to buyout Pump Engineering for the single focus of wealth creation. Pump Engineering has refused all of those offers to accomplish their mission of efficiently producing fresh water. He cited that 90 percent of Pump Engineering sales were exported and therefore bringing new dollars into Michigan. Mr. Radakovich also mentioned a sense of urgency to compete for large contract osmosis competition. He went on to explain that if Pump Engineering was able to have their project approved it would be major news reverberating throughout the world by having the largest reverse osmosis production of

equipment in Michigan. Ms. Doom spoke about the community welcoming the project and fully behind it. Mr. Pacquet said he was pleased to report Wayne County's support.

Mr. Buckler spoke about knowing Bob Oklejas 23 years ago and how pleased he was to see Bob again with a company that is a true success.

Greg West provided additional information on this project.

Pump Engineering will invest approximately \$4.25 million and create 51 jobs over the next five years as a result of this project.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 51 net new employees in excess of the company's established base of 36.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-091. Mr. DuBose seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

Resolution 2009-092: Velesco Pharmaceutical Service, LLC (VPS)

Paul Krepps introduced presenters: David Bonds, CEO, VPS; Ron Kitchens, CEO, Southwest Michigan First; Vince Nystrom, Business Development Director, Ann Arbor SPARK; and Tim Hudson, Comstock Township.

Mr. Bonds thanked the MEDC and spoke about being a former Pfizer chemist who now conducts quality studies of chemicals and their shelf-lives. Mr. Bonds said that the Kalamazoo opportunity allows Velesco to take a big step. He mentioned that most of Velesco's customers were outside of Michigan in California and Massachusetts. Mr. Kitchens talked about there being only 6 regions in the world where this kind of industry can happen—one of those regions is between Ann Arbor and Kalamazoo. He also spoke about how Michigan had grown from having three pharmaceutical companies to presently having 200. Mr. Nystrom spoke about the Vitalize Michigan Equipment Depot where and how the project was incubated in Washtenaw. Ron Kitchens then clarified that the project is presently "real business" no longer incubated. Mr. Hudson thanked the Board saying he was glad to be back in front of them and how this project made geographical sense with anticipated approval of a PA 198 tax abatement.

Josh Hundt provided additional information on this project.

Velesco will invest approximately \$1.8 million and create 35 jobs over the next five years as a result of this project. Velesco also considered Massachusetts and California for this expansion.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 35 net new employees in excess of the company's established base of 2.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2009-092. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

PROPOSED RURAL MEGA CREDIT:

Resolution 2009-093: Kilwins Quality Confections, Inc.

Lydia Murray, MEDC Business Development Manager, introduced presenters Don McCarty, President, Kilwins; Steve Hooley, Plant Manager, Kilwins; State Senator Jason Allen, District 37, Michigan; William Fraser, Petoskey City Council Member; and Matt Murphy, Intern, Northern Lakes Economic Alliance..

Mr. McCarty spoke about Kilwins being part of Petoskey, MI since 1947 and how it had gone from 14 to 47 employees. He talked about Kilwins having locations in 12 states with their kitchen in Petoskey and a warehousing and refrigeration facility in Delray Beach, FL. Mr. McCarty informed the Board that Kilwins had located a former grocery facility for their project. Mr. Fraser talked about the City of Petoskey welcoming Kilwins to their new facility and assured the Board of the community's full support and anticipated approvals of the PA 198 and PA 328 tax abatements. Mr. Murphy talked about the project appearing small but in Northern Michigan it makes a big impact. He added that the project is a big deal that Northern Michigan is excited about. Sen. Allen spoke about the project being exactly what the MEGA Credits were intended for. He talked about the project diversifying the economy and promoting tourism. Sen. Allen encouraged the Board to support the project.

Mr. Main spoke about Sen. Allen and said although he has not known the Senator for long, Sen. Allen has been a hard working and great supporter of the MEDC. Mr. Main thanked Sen. Allen for his support.

Ken Murdoch, MEDC Project Specialist, provided additional information on this project.

Total investment for Kilwin's Quality Confections, Inc., over five years will be approximately \$7.5 million. This project will create 40 new jobs.

Recommendation: MEDC staff recommends a 100 percent rural employment tax credit for seven years, for up to 40 net new employees over the established employment base of 34.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Rural MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-093. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

PROPOSED STANDARD AND RETENTION MEGA CREDIT:

Resolution 2009-094: Martinrea Industries, Inc.

Ed Reed, MEDC Business Development Manager, introduced presenters: Pete Bertolini, General Manager, Martinrea; David Steel, President, Village of Jonesville; Gerald Arno, Village President Pro Tem, Village of Jonesville; and Adam Smith, Manager, Village of Jonesville.

Mr. Bertolini spoke about recently purchasing the Jonesville facility (formerly the SKD facility) with the intent to move into the Jonesville facility with the help of the MEDC. He also talked about the Jonesville work-staff being main reason to make a business case for this project. Mr. Smith spoke about how pleased the community is to work with Martinrea and anticipates the approval of tax abatements worth more than \$1 million. Mr. Steel spoke about the projects impact saying it will be enormous. He talked about the southern section of the community being recently designated as a distressed community and said he was very pleased with this project. Mr. Arno talked about how much Jonesville needs these jobs and thanked the Board.

Greg West provided additional information on this project.

Martinrea will invest approximately \$18.4 million, create 109 qualified new jobs and retain 104 jobs over the next five years as a result of this project.

Recommendation: MEDC staff recommends a retention employment tax credit for 7 years for up to 100 percent for the 104 retained employees at the Jonesville facility and a 100 percent

standard employment tax credit for 7 years for up to 109 net new employees in excess of the company's established facility base of 104 and statewide employment base of 470.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard and Retention MEGA credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-094. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

[Mr. DuBose left for the remainder of the Board Meeting]

PROPOSED BROWNFIELD WORK PLAN APPROVAL:

Resolution 2009-095: City of Grand Rapids – 1 to 3.org, LLC

Joe Agostinelli, MEDC Community Assistant Specialist, introduced presenters: Steve Willobee, NTH Consultants; Kara Wood, City of Grand Rapids; and Keith Winn, 1 to 3.org, LLC.

Mr. Agostinelli spoke about the project being a small green redevelopment that pushed the MEDC envelope. Mr. Winn spoke about being one of the founding members of the U.S. Green Building Council (U.S.G.B.C.). He talked about the facility being owned as an incubator to learn and demonstrate: Natural Systems; Building Envelope; Geothermal; and High-Efficiency Standards. He described Michigan as a leader in Leadership in Energy and Environmental Design (LEED) certification and intended the project to attain LEED Platinum Certification. Mr. Winn said his organization was small and ambitious working toward complete independence from the grid. Ms. Wood spoke about Mr. Winn being a great visionary and the project being a great project. Mr. Willobee thanked the MEDC, specifically Eric Helzer and Joe Agostinelli for their flexibility and willingness.

Katherine Czarnecki, MEDC Community Assistance Manager, provided additional information on this project.

The City of Grand Rapids Brownfield Redevelopment Authority has submitted a work plan request for the approval of local and school tax capture for MEGA eligible activities in the amount of \$101,200. The project involves the redevelopment of a vacant 3,500 square feet industrial building at 502 Second Street. The developer is planning to seek LEED Platinum certification on the site, and will be pursuing Net Zero strategies including the Living Building Challenge. The Living Building Challenge is a program that requires the building's energy and water be supplied by on-site renewable sources. The total capital investment is expected to be just under \$500,000. A total of four jobs will be created.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$101,200, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$53,697.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan Approval and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2009-095. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

PROPOSED TECHNOLOGY COLLABORATION CREDIT:

Resolution 2009-096: DC Equities, LLC d/b/a Grindstone Capital & iTrack, LLC

Jerome Katz, MEDC Business Development Manager, introduced presenters: Lisa Sikorksi, Director of Finance and Administration, Grindstone Capital; Jerry Atkinson, CEO, iTrack; and Dr. Edzko Smid, President, iTrack.

Mr. Attkinson thanked the MEDC, specifically Josh Hundt and Jerome Katz. Mr. Attkinson spoke about iTrack and the company's technology to track individuals with a GPS is of great interest to the Department of Defense, Fire-Rescue, and Homeland Security. He said he looked forward to growth.

Josh Hundt provided additional information on this project.

iTrack is focused on the research and development of their Local Positioning and Tracking System (LPTS) that uses Ultra-Wide Band transceivers. The LPTS enables the user to rapidly construct a network capable of providing positioning for autonomous robotic vehicles and personnel tracking in both GPS and GPS denied environments. It is anticipated that iTrack will move from the Oakland University Incubator into the Royal Oak Industries facility in Oxford beginning in 2010. The collaboration will facilitate the expedited product development of iTrack, LLC's navigation and tracking technologies. With successful commercialization of this product iTrack expects to create 25 to 35 high paying technical and administrative jobs within the next five years. The Qualified Taxpayer, Grindstone Capital, plans to make a cash investment of \$700,000 in iTrack, for the continued research and development of their LPTS technology.

Recommendation: MEDC staff highly recommends approval of a Technology Collaboration Credit of 30 percent of the eligible investment not to exceed \$210,000, for DC Equities, LLC d/b/a Grindstone Capital based on an eligible investment of \$700,000.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Technology Collaboration Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-096. Mr. Lockwood seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

PROPOSED BROWNFIELD MBT AMENDMENT:

Resolution 2009-097: Ashley Grand Rapids, LLC – Steelcase Campus Project

Peter Anastor provided information for this project.

The MEGA Board approved a Large Brownfield Redevelopment SBT credit for the Ashley Grand Rapids, LLC Steelcase Campus redevelopment project in Grand Rapids on May 15, 2007. Ashley Grand Rapids, LLC requests that the Project be amended to revise the previously approved multi-phase project by re-aligning the phases to be more consistent with current development demands. The project will still include 12 phases and the overall investment and redevelopment goals of the project will not change. The amendment is needed in order to better arrange redevelopment with current market conditions.

Recommendation: MEDC staff recommends approval of the amendment request to revise the previously approved multi-phase project by re-aligning the phases to be more consistent with current development demands as outlined in Attachments A & B and also to add the four (4) companies as Qualified Taxpayers.

Ms. Shinn asked Mr. Anastor if he was required to bring the amendment before the Board if the approved MEGA itself does not change. Mr. Anastor answered Ms. Shinn by stating if the MEGA changes in scope staff will bring it before the Board.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Amendment and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-097. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

PROPOSED ANCHOR AMENDMENTS:

Resolution 2009-098 & 2009-099: Hemlock Semiconductor Corporation

Peter Anastor provided information for this project.

The MEGA Board designated Hemlock Semiconductor Corporation as an Anchor Jobs Company and an Anchor District Company on December 15, 2008, by Resolutions 2008-162 and 2008-163. Similar to all MEGA agreements, the Resolution required that the two parties, Hemlock Semiconductor and the MEGA, enter into an agreement within 60 days with an additional 30 days if needed. As of today, the parties have not entered into the agreement.

Recommendation: MEDC staff recommends that the parties be allowed to extend the time to enter into both agreements to 180 days and shall enter into the agreements no later than June 16, 2009. All other aspects of the project and the resolutions remain the same.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Anchor Amendments and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2009-098. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-099. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

DISCUSSION:

Mr. Main asked if there were any additional discussion items. Being none, Mr. Main thanked the Board Members and the MEDC staff for working through a long agenda. Mr. Buckler reiterated how happy he was to learn about the success of Pump Engineering. Mr. Main thanked everyone again and said the meeting was a real display of diversification.

ADJOURNMENT: The meeting was adjourned by Greg Main at 12:15 p.m.