

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
JUNE 14, 2011

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, June 14, 2011, at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 North Washington Square, Lansing, Michigan

MEMBERS PRESENT: Cullen DuBose [arrived at 10:07 a.m.], Ruth Duquette [acting for and on behalf of John Nixon, authorization attached], Mike Jackson, Andrew Lockwood [acting for and on behalf of Andrew Dillon, authorization attached], Jennifer Nelson [acting for and on behalf of Michael Finney, authorization attached]

MEMBERS ABSENT: Tim Herman, Bill Martin

CALL TO ORDER: At 10:00 a.m. the meeting was called to order by Jennifer Nelson.

APPROVAL OF MINUTES: Ms. Nelson asked for a motion to approve the May 17, 2011 meeting minutes. **Ms. Duquette made a motion for approval of the minutes. Mr. Jackson seconded the motion.** The motion carried unanimously – 4 ayes; 0 nays; 0 recused; 3 absent.

PUBLIC COMMENT: Ms. Nelson asked if there was any public comment. There was none.

EXECUTIVE COMMITTEE REPORT: Ms. Nelson asked Ms. Campbell if the Executive Committee had reviewed the projects on the agenda. Ms. Campbell replied affirmatively and that the executive committee recommended approval of the agenda items to be presented to the board, except for HP Enterprise Services, LLC which had a project change after the Executive Committee had met.

PROPOSED STANDARD MEGA CREDITS

Resolution 2011-082 – HP Enterprise Services, LLC

Phil Santer, Capital Services Associate, provided background information and introduced the guest presenters: Jane Montecillo, Public Sector Application Center Director, HP; John Galecki, Public Sector Application Business Manager, HP; Bob Bartholomew, SLED Account Executive, HP, Irene Spanos, Planning & Economic Development, Oakland County.

Ms. Montecillo provided the Board with background information about the company. She stated HP is the largest IT company in Michigan. The company provides an application delivery service system to support federal and state accounts. The company is expecting to expand HP's presence in Michigan and provide the state with high paying technical jobs. Ms. Spanos spoke to the Board regarding support of this project from Oakland County officials.

Phil Santer provided additional information.

The company plans to invest up to \$4.8 million and create up to 250 jobs over the next five years. The average weekly wage for newly-created jobs is anticipated to be \$1,346. The company also offers healthcare benefits and plans to pay a portion of the benefit cost.

Recommendation: Staff recommends an 80% standard employment tax credit for 7 years up to 250 net new employees in excess of the company's established base of 1,976.

Board Discussion: Ms. Campbell stated that there were no contingencies related to the project. Ms. Nelson asked if there were any questions from the Board. **Mr. Jackson made a motion for approval of Resolution 2011-082. Mr. Lockwood seconded the motion.** The motion carried unanimously – 4 ayes; 0 nays; 0 recused; 3 absent.

Cullen DuBose arrived at 10:07 a.m.

Resolution 2011-083 – Magna Exteriors and Interiors USA, Inc.

Joshua Hundt, Senior Project Specialist, provided background information and introduced the guest presenters: Frank Ervin, Governmental Affairs, Magna International; Dan Casey, CEO, Economic Development Alliance of St. Clair County.

Mr. Ervin provided the Board with background information regarding the project and described the purchase of assets and business of Continental Plastics Company, an automotive interior components supplier with facilities in Michigan and Georgia. The restructuring of the business will consolidate a majority of this business to Continental Plastic's China Township and Village of Benzonia, Michigan facilities. The company will be creating jobs at an existing Magna facility in the City of Howell, Livingston County. Mr. Casey related the Charter Township of China Township is supportive of this project and plans to approve a five year property tax abatement under PA 1985 of 1974.

Joshua Hundt provided additional information.

As a result of the asset purchase the company plans to invest approximately \$14.4 million, of which \$3.2 million is lease costs, and create 333 jobs over the next five years, with 309 jobs projected in year 1, as a result of this project. The average weekly wage for the newly-created jobs is anticipated to be \$487. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

Recommendation: Staff recommends a 100% standard employment tax credit for three years for up to 333 net new employees in excess of the company's base of 400, including a look-back period to the date of the asset purchase or up to 90 days from the execution of the credit agreement, whichever is shorter.

Board Discussion: Ms. Campbell stated that China Township must approve a property tax abatement. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned for approval of Resolution 2011-083. Ms. Duquette seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD WORK PLANS

Resolution 2011-084 – Dearborn Heights Brownfield Redevelopment Authority – Tim Hortons Store Redevelopment, City of Dearborn Heights

Daniel Wells, Program Specialist – Brownfield, provided background information and introduced the guest presenters: T. Eftaxiadis, Dearborn Heights Brownfield Redevelopment Authority; Randy Martinuzzi, W Investors.

Mr. Wells stated the project will redevelop a vacant, contaminated and functionally obsolete property. The redevelopment entails the complete demolition of a former gas station building, hoist and auto canopy as well as site demolition including concrete and asphalt surfaces and abandoned utilities. Site grading will be undertaken to level the site to prepare for the redevelopment. Mr. Martinuzzi expressed the enthusiasm of the company for approval of the project. This project, plus a previously completed project by W Investors, is located at the "gateway" to the City of Dearborn Heights. Mr. Eftaxiadis expressed the support of the city. The project will seek local tax capture to reimburse Due Care eligible activities estimated at \$76,016.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$69,617. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$30,444.

Board Discussion: Ms. Campbell stated there were no contingencies related to this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned for approval of Resolution 2011-084. Mr. Jackson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-085 – Wyoming Brownfield Redevelopment Authority – Former General Motors Corporation Grand Rapids Metal Plant – City of Wyoming

Karen Hinkle, Business Development Manager, and Daniel Wells, Program Specialist – Brownfield, provided background information and introduced the guest speakers: Jason Horton, Thunder Ventures, LLC; James M. Harless, PhD, CHMM, Vice President, SME; and Curtis Holt, City Manager, City of Wyoming.

Mr. Horton provided the Board with information on the project. This project will redevelop and remediate one of west Michigan's largest industrial sites and will be one of the first former GM plants to be transferred to a new owner for redevelopment. Mr. Holt informed the Board that this project is the combined effort of the City of Wyoming, Thunder Ventures, LLC and The Right Place, Inc., to prepare and market the site to attract premier advanced manufacturing development.

Dan Wells provided additional information.

The project includes asbestos abatement activities, demolition of all existing structures, filling in of basement areas with recycled concrete and grading and compacting the site to make it a stable surface for redevelopment. Site preparation activities include compaction of the entire site to ready it for redevelopment and temporary building, erosion, traffic, and site control.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$8,452,998. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$6,088,954.

Board Discussion: Ms. Campbell stated there is one contingency for the project. Capture of taxes levied for school operating purposes for the eligible activities at this project will prohibit the future capture of taxes levied for school operating purposes for the future removal of subsurface debris that remain at the project after demolition and backfill activities have been completed as part of this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned for approval of Resolution 2011-085. Ms. Duquette seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD MBT CREDIT AMENDMENT

Resolution 2011-086 – General Motors LLC

Phil Santer, Capital Services Associate, and Bruce Seymore, Business Development Manager, provided background information and introduced the guest speakers: Eric Henning, Government Relations, General Motors, LLC; Candace Butler, Manager, Economic Development General Motors, LLC; Mayor Dayne Walling, City of Flint.

Ms. Butler expressed her appreciation of the hard work and dedication by MEDC and City of Flint staff. Mr. Walling expressed support by the City of Flint adding the project will provide many jobs for the community.

Mr. Seymore provided additional information.

Since the original approval of Resolution 2008-112, the General Motors Corporation underwent bankruptcy restructuring and assets were transferred to General Motors LLC. General Motors LLC is currently considering a new investment on the Eligible Property. The new project will construct an 850,000 square foot building that will house a new paint shop and will support the complex's truck assembly operation. General Motors LLC expects to complete the project by June 30, 2015. The new investment will assist in the redevelopment of the site and will add significant value to the location. The new project requires \$417 million of private investment, including \$80 million in eligible investment and retention of up to 185 jobs.

Recommendation: Staff recommends adding General Motors LLC as a Qualified Taxpayer, adjusting the project scope to add the construction of an approximate 850,000 square foot building and adding 2.5 years to the completion of the project.

Board Discussion: Ms. Campbell stated there were no contingencies related to the project. Ms. Nelson asked if there were any questions from the Board. **Ms. Duquette motioned for approval of Resolution 2011-086. Mr. Lockwood seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD WORK PLAN AMENDMENT

Resolution 2011-087 – Marketplace Redevelopment Project – City of Lansing

Stacy Esbrook, Program Specialist – Brownfield provided background information.

Ms. Esbrook explained the purpose of this amendment is to correct an omission and allow for local and school tax capture for the project's contingency costs which were not addressed in Resolution 2010-221, which had omitted the dollar amount of the contingency.

Recommendation: Staff recommends approval of the Amendment for local and school tax capture of the MEGA eligible activity in the amount of \$6,706,356 for principal activity costs of non-environmental activities and a contingency.

Board Discussion: Ms. Campbell stated there were no contingencies related to the project. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned for approval of Resolution 2011-087. Mr. Jackson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED MEGA CREDIT AMENDMENT

Resolution 2011-088 – Karmann Manufacturing, LLC

Jonathon Younkman, MEGA Program Specialist/Team Leader, provided background information.

On December 16, 2003, Resolution 2003-49, the Michigan Economic Growth Authority awarded a 12-year, 85% Standard MEGA credit to Karmann Manufacturing, LLC for a maximum of 251 qualified new jobs, above a base employment level of 66. As a result of the auto industry downturn in 2008-2009, the parent company of Karmann Manufacturing, LLC filed for insolvency in April 2009, thereby, rendering Karmann Manufacturing for sale. On September 1, 2010, Webasto-Edscha Cabrio USA, Inc. (WEC), a subsidiary of Webasto Roof Systems, Inc., acquired the assets of Karmann Manufacturing, and also retained all remaining 105 employees.

Recommendation: Staff recommends that the Standard MEGA Credit awarded to Karmann Manufacturing, LLC be transferred to Webasto-Edscha Cabrio USA, Inc. Staff further recommends that this change be effective September 1, 2010. All other terms and conditions remain unchanged.

Board Discussion: Ms. Campbell stated there were no contingencies related to the project. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned for approval of Resolution 2011-088. Mr. DuBose seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

MISCELLANEOUS

Resolution 2011-089 – John D. Walter

Jennifer Nelson, Chief Administrative Officer and General Counsel of MEDC, advised the Board that John D. Walter, Chief Compliance Office for the Michigan Economic Growth Authority and Michigan Strategic Fund Boards would be retiring June 30, 2011. The members of the Michigan Economic Growth Authority expressed their appreciation to Mr. Walter for his past 5 years of service and extended their best wishes for his retirement. Mr. Lockwood motioned for approval of Resolution 2011-089. Mr. DuBose seconded the motion. The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Meeting adjourned at 10:35 a.m.