

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on June 15, 2004, at 10:00 a.m.

Members Present

Cullen DuBose
Bo Garcia
David Hollister
Donald Jakeway
Faye Nelson (by telephone)
Scott Schragger (acting for and on behalf of Jay Rising, authorization attached)
Jackie Shinn (acting for and on behalf of Gloria Jeff, authorization attached)

Others Present

Steve Allen, Cobasys
Peter Anastor, MEDC
Amy Banninga, MEDC
Kathy Blake, Sr. VP Business Development, MEDC
Jim Bonamy, City of Grand Haven
Katherine Castillo, Guardian Fiberglass, Inc.
Troy Cumings, attorney for City of Grand Haven
John Czarnecki, MEDC
Jim Donaldson, MEDC
Gerald Dywasuk, Township Supervisor, Orion Twp.
Michelle Eaton, Oakland County
Mark Gresser, Material Sciences Corp.
John Knaffla, J&D Investments of Cheboygan
Carol Knobloch Johns, MEDC
Penny Launstein, MEDC
Jim McBryde, MEDC
Susan McCormick, MEDC
Mark Morante, MEDC
Bryan Myrkle, City of Charlotte
Jim Paquet, Secretary to the Board
Mike Pohnl, MEDC
Christine Roeder, MEDC
Tom Schimpf, Attorney General's Office
Richard Schalter, Spartan Motors Chassis
Peggy Sindt, City of Albion
Vern Taylor, MEDC
Karen Weiss, Guardian Fiberglass, Inc.

Call to Order

David Hollister called the meeting to order at 10:04 a.m.

Approval of Minutes from May 18, 2004

A motion was made, supported and carried that the minutes from the May 18, 2004 meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Guardian Fiberglass, Inc.
1000 East North Street
Albion, Michigan 49224*

Jim Donaldson began the presentation by introducing Karen Weiss and Katherine Castillo from Guardian Fiberglass, Inc., and Peggy Sindt from the City of Albion.

Guardian Fiberglass is a manufacturer of fiberglass insulation for residential and commercial buildings. Guardian Fiberglass currently operates plants in Michigan, Mississippi, West Virginia, and Arizona. The company currently employs 224 at its Albion plant, which was opened in 1981 as the company's first fiberglass plant. The company's parent, Guardian Industries, employs a total of 1,543 in the state and is headquartered in Auburn Hills.

Guardian Fiberglass is proposing an expansion of its Albion plant. The new line would begin operations in mid-2006, and would produce fiberglass insulation for sale to independent lumber yards and building materials centers.

The company would add 123 new positions in the first year of the project and up to 150 new positions by the fifth year of the project. The new positions would pay an average weekly wage of \$583.

The project would require an investment of \$26.5 million to renovate and expand the existing building and to purchase manufacturing equipment. The company will also invest \$5 million at its plant in Mississippi to accommodate this expansion. Construction on the new facility would begin this fall, with construction completed by June of 2006.

It is estimated that that this facility will create a total of 288 jobs in the state by the year 2017. We also estimate that the project would create total state government revenues through the year 2017, of \$10.9 million due to the location of this facility.

The company is also considering the Waco, Texas area for the project. Texas is offering an incentive package that includes tax credits, tax abatements, and free land.

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Mark Gresser, Material Sciences Corp.

John Knaffla, J&D Investments of Cheboygan

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Guardian Fiberglass is proposing an expansion of its Albion plant. The new line would begin operations in mid-2006, and would produce fiberglass insulation for sale to independent lumber yards and building materials centers.

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The project would require an investment of \$26.5 million to renovate and expand the existing building and to purchase manufacturing equipment. The company will also invest \$5 million at its plant in Mississippi to accommodate this expansion. Construction on the new facility would begin this fall, with construction completed by June of 2006.

It is estimated that that this facility will create a total of 288 jobs in the state by the year 2017. We also estimate that the project would create total state government revenues through the year 2017, of \$10.9 million due to the location of this facility.

The company is also considering the Waco, Texas area for the project. Texas is offering an incentive package that includes tax credits, tax abatements, and free land.

Texas is the company's largest market, making this location particularly attractive. The company expects to spend an additional \$2.6 million per year for freight from Michigan versus a Texas location.

The City of Albion is expected to approve a 100 percent abatement of the company's new personal property taxes for 10 years at its June 21, 2004 city council meeting. This tax abatement has an estimated value of \$4,201,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 12 years, for up to 150 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 2004-31, authorizing a Standard MEGA tax credit for Guardian Fiberglass, Inc., was adopted.

ACTION ITEM

*Spartan Motors Chassis, Inc.
1165 Reynolds Road
Charlotte, Michigan 48813*

Jim Donaldson introduced Richard Schalter of Spartan Motors Chassis, and Bryan Myrkle with the City of Charlotte. Mr. Schalter explained the nature of the business and the reason for the proposed expansion.

Spartan Motors Chassis manufactures custom chassis for motorhomes, fire trucks and specialty vehicles. Spartan Motors Chassis is located in Charlotte, Michigan, and has grown to be the largest employer in the community.

Spartan Motors Chassis has recently received orders that will increase its motor home chassis production by over 60%. In addition, its fire truck chassis business is expected to grow 20%. The company is proposing an expansion of its Charlotte plant, which will require a capital investment of \$7.3 million. The new line would begin production in late 2005.

The company would add 200 new positions in the first year of the project and up to 415 new positions by the fifth year of the project. These new positions would pay an average weekly wage of \$706.

It is estimated that this facility will create a total of 1,056 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, of \$42 million due to the location of this facility.

The company is contemplating expanding the facilities in Charlotte, or locating to a new facility in Kentucky. The customers driving the increase in sales are primarily located in Indiana. Due to higher labor costs in Michigan, the company expects to spend an additional \$4 million per year in Michigan versus Kentucky.

The City of Charlotte is expected to approve a 50 percent abatement of the company's new real and personal property taxes for 12 years, at its June 14, 2004 city council meeting. This tax abatement has an estimated value of \$881,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 415 net new employees.

Board Discussion

Faye Nelson gave the Executive Committee report. Ms. Nelson recommended approval of the requested tax credit. Hearing no further discussion, a motion was made and supported, and Resolution 2004-32, authorizing a Standard MEGA tax credit for Spartan Motors Chassis, Inc., was adopted.

ACTION ITEM

*Cobasys LLC
1250 Maplelawn Drive
Troy, Michigan 48084*

Cobasys, formerly known as Texaco Ovonic Battery Systems LLC, was formed in 2001 as a joint venture between subsidiaries of Energy Conversion Devices, Inc. and Texaco Inc. Cobasys designs, manufactures and sells nickel metal hydride batteries and battery systems for use in the hybrid electric transportation and the stationary power industries. The company currently has 100 employees in Michigan.

Jim Donaldson introduced Steven Allen from Cobasys, who discussed the company's plans for expansion and consolidation. Cobasys is considering consolidation of three facilities currently located in Troy, into a single 70,000 square foot facility in Orion Township. The facility would house the corporate headquarters and support functions, the battery systems development group, and product and process development. The company is considering lease of a speculative building currently under construction.

The company will create approximately 50 jobs in the first year of operations, and 150 by the fifth year. The jobs created would pay an average weekly wage of \$1,334. New capital investment is expected to total approximately \$1.5 million, consisting of IT hardware and software and battery testing equipment.

It is estimated that this facility will create a total of 122 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, of \$3.6 million due to the location of this facility.

Cobasys has a 170,000 square foot manufacturing facility in Springboro, Ohio. There is a five-acre site available directly across the street from the facility, capable of supporting a comparably sized headquarters and technical center. The company compared the costs of occupancy in SE Michigan to this site, and found that leased space in Michigan will cost approximately \$85,000 more per year. The company also estimates that professional and hourly labor costs in Michigan will be up to \$1 million higher in Michigan each year.

Orion Township Supervisor, Jerry Dywasuk, was introduced to the board and expressed community support for the project. Orion Township has proposed 50 percent abatement of the company's new personal property taxes for 12 years. The estimated value of the local property tax abatement is \$92,000. The abatement is expected to be approved at the township's June 21, 2004 meeting.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 10 years, for up to 150 net new employees.

Board Discussion

Scott Schrage requested clarification of why the REMI model projected an indirect job loss as a result of the project. Mark Morante explained that the negative multiplier results from changes that have been made in the model. Intuitively, the negative multiplier does not make sense. We are meeting with the economists at U of M who run the model for us to try and understand why there is a negative multiplier in relation to these types of projects. We will keep the Board informed as those discussions progress.

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 2004-33, authorizing a high-tech MEGA tax credit for Cobasys LLC, was adopted.

ACTION ITEM

*MSC Walbridge Coatings, Inc.
2200 East Pratt Boulevard
Elk Grove Village, Illinois 60007*

Jim Donaldson introduced Mark Gresser with MSC Walbridge Coatings. MSC Walbridge Coatings is a subsidiary of Material Sciences Corporation, a leading provider of material-based solutions for electronic, acoustical/thermal and coated metal

applications. In Michigan, the company is in the business of solving noise and heat problems for customers in automotive, appliance, office furniture, heating and cooling and electronics. Mr. Gresser circulated samples of the new Quiet Steel[®] for inspection. Currently, Material Sciences has 24 employees in Michigan.

The project will lead to the creation of a state-of-the-art Noise, Vibration, and Harness (NVH) Technical Center which will allow Material Sciences to identify noise levels in full vehicles, brake systems, engine and driveline components, and individual components and parts, including non-automotive components. To accomplish this, the company will lease a 54,000 square foot speculative building in Plymouth Township, which will be fully developed to provide the design and testing features needed for a technical center. The project will lead to the creation of six new jobs the first year of the project and a total of 27 jobs over five years. In addition, the company will relocate the 24 existing workers from Farmington Hills to the new facility. The new positions are well compensated, with an average weekly wage of \$1,383.

Jackie Shinn asked whether we routinely allow tax credits on a leased facility. Kathy Blake said "yes", that we capitalize the value of the lease.

Total capital investment for the project would be approximately \$17.4 million, including \$7.3 million for capitalized lease costs and leasehold improvements, and \$10.1 million for new machinery, test equipment and computers.

It is estimated that this facility will generate a total of 17 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$314,000 due to the presence of this facility.

Material Sciences is also considering Walbridge (Toledo), Ohio for its technical center. MSC currently has a manufacturing plant located on the site, and has access to land, property tax abatements and low cost electric and gas, due to the use of these utilities by the plant. These benefits would save the company nearly \$1 million in the first year of the project, due to land costs, and nearly \$30,000 per year in utility savings.

The State of Michigan will provide 50 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. The estimated value of this abatement is \$231,900.

Plymouth 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 \$1,488,700. The abatement is expected to be finalized on June 22, 2004.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 27 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 2004-34, authorizing a high-tech MEGA employment tax credit for MSC Walbridge Coatings Inc., was adopted.

ACTION ITEM

*City of Detroit
6365-6389 West Vernor
Detroit, Michigan*

This item was withdrawn from the agenda.

ACTION ITEM

*City of Grand Haven Brownfield Redevelopment Authority
519 Washington Avenue
Grand Haven, Michigan 49417*

Vern Taylor introduced Troy Cumings and Jim Bonamy from the City of Grand Haven, who discussed the redevelopment efforts being proposed in the city.

This project will facilitate the redevelopment of a former industrial, commercial, and residential property. The property is approximately 19 acres, which will be redeveloped into a mixed use development consisting of multi-family housing, commercial, retail and office space. The project will result in a significant long-term increase to the city's tax base and redevelopment of contaminated property. It is anticipated that the private investment on the property will exceed \$50 million.

The Grand Haven Economic Development Corporation (EDC) currently owns the property and is in the Request for Proposal stage in obtaining a developer for the project. The Grand Haven EDC has removed vacant buildings from the site and will substantially improve infrastructure on the property to stimulate private development.

Industrial uses date back over a century and include manufacturing, furniture making, a tannery, a municipal wastewater treatment plant, plating, petroleum storage and distribution, road equipment repair and maintenance, and brine storage.

The Work Plan requests public infrastructure improvements and site preparation work activity associated with the development of the property. Significant infrastructure improvements are necessary to benefit the eligible parcels, including water main construction, new sanitary sewer, storm sewer construction, river boardwalk

construction, and road, curb and gutter upgrades. Site preparation will be necessary to prepare the parcels for their new uses, including soil borings and geotechnical testing, fill to bring the sites to grade, grading, erosion control, parking lot fabric, paving, curbing, storm sewer installation, storm pond excavation, etc.

The property is one of the few undeveloped properties in the City of Grand Haven. The site has been targeted for redevelopment, but numerous obstacles have prevented any private redevelopment from occurring. This plan will remove those obstacles and allow for development to proceed.

The project may be eligible to apply for a Brownfield Single Business Tax Credit. However, the MEDC's position is that any future Single Business Tax Credit application would be required to show extraordinary clean up costs that go beyond what the TIF will cover.

There are 49.3933 mills available for capture, with school millage equaling 23 mills (47%) and local millage equaling 26.3933 mills (53%). The tax capture breaks down as follows:

School tax capture (47%)	\$ 4,893,542
Local tax capture (53%)	\$ <u>5,518,249</u>
	\$10,411,791

PROJECT COSTS

Public Infrastructure Improvements	\$ 4,750,000
Site Preparation (non-response)	\$ 1,900,000
Work Plan Preparation	\$ 7,500
MEGA Review Cost	\$ 1,000
Contingency (15%)	\$ 998,775
Municipal Bond Interest	\$ <u>2,754,516</u>
Total	\$10,411,791

Jackie Shinn asked who will undertake the infrastructure improvements. Mr. Bonamy said that the City will likely undertake these improvements, but he is not sure whether it will be before or after development begins.

This is a facility and is located within the boundaries of the City of Grand Haven, a qualified local governmental unit. The project is the subject of a brownfield plan approved on February 16, 2004, by the Grand Haven City Council.

Recommendation

The Michigan Economic Development Corporation recommends approval of the work plan dated March 24, 2004, to capture taxes levied for school operating purposes up to a maximum of \$3,598,919 to pay for eligible activities for the GrandWater Project. If the City of Grand Haven issues a bond to finance these costs, the MEDC further

recommends the City be authorized to capture additional school taxes to pay interest expense not to exceed \$1,294,623.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee has recommended approval of the requested tax capture for this project.

Don Jakeway asked about Michigan Department of Transportation (MDOT) considerations for highway 31 improvements. Apparently there were some right-of-way issues, among other things. Mr. Bonamy explained that, through negotiations with MDOT, these issues have been resolved.

Hearing no further discussion, a motion was made and supported and Resolution 2004-35, authorizing the City of Grand Haven to capture school operating taxes for its GrandWater Redevelopment Project, was adopted.

ACTION ITEM

*City of Cheboygan Brownfield Redevelopment Authority
403 North Huron
Cheboygan, Michigan 49721*

The eligible property consists of four parcels, with a lumber company, convenience store, and a salon. These buildings are vacant and will be demolished. The property also has a bank, and a recently reopened restaurant. The project site will be acquired by J & D Investments of Cheboygan, LLC. The property will be redeveloped into a dry stack in/out boat storage marina with retail shops, maintenance, and a restaurant. The bank will relocate its operations and both the remaining bank building and the restaurant will be renovated to match the décor of the marina. The new development will be known as Mariner Village. A 35,000 square foot marina will be built with additional square footage for both retail and office space

Brownfield Work Plan approvals are granted based on several criteria outlined in the statute. The appropriate criteria were met. The City has vacated and turned over part of Pine Street, as well as approximately 50 feet of river frontage to the project.

The cost of the eligible activities totals \$247,250. The tax breakdown is as follows:

\$124,218	State School Property Taxes	(50.24%)
<u>+123,032</u>	Local Property Taxes	(49.76%)
\$247,250		

PROJECT COSTS (MEGA SHARE)

Asbestos Abatement \$ 15,000

Demolition	50,000
Site Preparation	128,000
Infrastructure	21,000
Work Plan Review	1,000
Contingency (15%)	+ 32,250
Total	\$247,250

The property is a "facility" and is located within the boundaries of the City of Cheboygan, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on May 11, 2004, by the City of Cheboygan City Council.

Recommendaiton

The Michigan Economic Development Corporation (MEDC) recommends approval of the work plan to capture taxes levied for school operating purposes up to a maximum of \$124,218 to pay for eligible activities in the work plan prepared on April 27, 2004.

Board Discussion

Faye Nelson gave the report of the Executive Committee and recommended approval of the requested tax capture. Hearing no further discussion, a motion was made and supported and Resolution 2004-36, approving a the capture of taxes levied for school operating purposes to the City of Cheboygan Brownfield Redevelopment Authority for its Mariner Village redevelopment project, was adopted.

The meeting was adjourned at 11:00 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, July 13, 2004.

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Public Comment

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Guardian Fiberglass is proposing an expansion of its Albion plant. The new line would begin operations in mid-2006, and would produce fiberglass insulation for sale to independent lumber yards and building materials centers.

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The City of Albion is expected to approve a 100 percent abatement of the company's new personal property taxes for 10 years at its June 21, 2004 city council meeting. This tax abatement has an estimated value of \$4,201,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 12 years, for up to 150 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 2004-31, authorizing a Standard MEGA tax credit for Guardian Fiberglass, Inc., was adopted.

ACTION ITEM

*Spartan Motors Chassis, Inc.
1165 Reynolds Road
Charlotte, Michigan 48813*

Jim Donaldson introduced Richard Schalter of Spartan Motors Chassis, and Bryan Myrkle with the City of Charlotte. Mr. Schalter explained the nature of the business and the reason for the proposed expansion.

Spartan Motors Chassis manufactures custom chassis for motorhomes, fire trucks and specialty vehicles. Spartan Motors Chassis is located in Charlotte, Michigan, and has grown to be the largest employer in the community.

Spartan Motors Chassis has recently received orders that will increase its motor home chassis production by over 60%. In addition, its fire truck chassis business is expected to grow 20%. The company is proposing an expansion of its Charlotte plant, which will require a capital investment of \$7.3 million. The new line would begin production in late 2005.

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The company is contemplating expanding the facilities in Charlotte, or locating to a new facility in Kentucky. The customers driving the increase in sales are primarily located in Indiana. Due to higher labor costs in Michigan, the company expects to spend an additional \$4 million per year in Michigan versus Kentucky.

The City of Charlotte is expected to approve a 50 percent abatement of the company's new real and personal property taxes for 12 years, at its June 14, 2004 city council meeting. This tax abatement has an estimated value of \$881,000.

Recommendation

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Board Discussion

Faye Nelson gave the Executive Committee report. Ms. Nelson recommended approval of the requested tax credit. Hearing no further discussion, a motion was made and supported, and Resolution 2004-32, authorizing a Standard MEGA tax credit for Spartan Motors Chassis, Inc., was adopted.

ACTION ITEM

*Cobasys LLC
1250 Maplelawn Drive
Troy, Michigan 48084*

Cobasys, formerly known as Texaco Ovonic Battery Systems LLC, was formed in 2001 as a joint venture between subsidiaries of Energy Conversion Devices, Inc. and Texaco Inc. Cobasys designs, manufactures and sells nickel metal hydride batteries and battery systems for use in the hybrid electric transportation and the stationary power industries. The company currently has 100 employees in Michigan.

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The company will create approximately 50 jobs in the first year of operations, and 150 by the fifth year. The jobs created would pay an average weekly wage of \$1,334. New capital investment is expected to total approximately \$1.5 million, consisting of IT hardware and software and battery testing equipment.

It is estimated that this facility will create a total of 122 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, of \$3.6 million due to the location of this facility.

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Orion Township Supervisor, Jerry Dywasuk, was introduced to the board and expressed community support for the project. Orion Township has proposed 50 percent abatement of the company's new personal property taxes for 12 years. The estimated value of the local property tax abatement is \$92,000. The abatement is expected to be approved at the township's June 21, 2004 meeting.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 10 years, for up to 150 net new employees.

Board Discussion

Scott Schragger requested clarification of why the REMI model projected an indirect job loss as a result of the project. Mark Morante explained that the negative multiplier results from changes that have been made in the model. Intuitively, the negative multiplier does not make sense. We are meeting with the economists at U of M who run the model for us to try and understand why there is a negative multiplier in relation to these types of projects. We will keep the Board informed as those discussions progress.

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 2004-33, authorizing a high-tech MEGA tax credit for Cobasys LLC, was adopted.

ACTION ITEM

*MSC Walbridge Coatings, Inc.
2200 East Pratt Boulevard
Elk Grove Village, Illinois 60007*

Jim Donaldson introduced Mark Gresser with MSC Walbridge Coatings. MSC Walbridge Coatings is a subsidiary of Material Sciences Corporation, a leading provider of material-based solutions for electronic, acoustical/thermal and coated metal

applications. In Michigan, the company is in the business of solving noise and heat problems for customers in automotive, appliance, office furniture, heating and cooling and electronics. Mr. Gresser circulated samples of the new Quiet Steel® for inspection. Currently, Material Sciences has 24 employees in Michigan.

The project will lead to the creation of a state-of-the-art Noise, Vibration, and Harness (NVH) Technical Center which will allow Material Sciences to identify noise levels in full vehicles, brake systems, engine and driveline components, and individual components and parts, including non-automotive components. To accomplish this, the company will lease a 54,000 square foot speculative building in Plymouth Township, which will be fully developed to provide the design and testing features needed for a technical center. The project will lead to the creation of six new jobs the first year of the project and a total of 27 jobs over five years. In addition, the company will relocate the 24 existing workers from Farmington Hills to the new facility. The new positions are well compensated, with an average weekly wage of \$1,383.

Jackie Shinn asked whether we routinely allow tax credits on a leased facility. Kathy Blake said "yes", that we capitalize the value of the lease.

Total capital investment for the project would be approximately \$17.4 million, including \$7.3 million for capitalized lease costs and leasehold improvements, and \$10.1 million for new machinery, test equipment and computers.

It is estimated that this facility will generate a total of 17 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$314,000 due to the presence of this facility.

Material Sciences is also considering Walbridge (Toledo), Ohio for its technical center. MSC currently has a manufacturing plant located on the site, and has access to land, property tax abatements and low cost electric and gas, due to the use of these utilities by the plant. These benefits would save the company nearly \$1 million in the first year of the project, due to land costs, and nearly \$30,000 per year in utility savings.

The State of Michigan will provide 50 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. The estimated value of this abatement is \$231,900.

Plymouth 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 \$1,488,700. The abatement is expected to be finalized on June 22, 2004.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 27 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 2004-34, authorizing a high-tech MEGA employment tax credit for MSC Walbridge Coatings Inc., was adopted.

ACTION ITEM

*City of Detroit
6365-6389 West Vernor
Detroit, Michigan*

This item was withdrawn from the agenda.

ACTION ITEM

*City of Grand Haven Brownfield Redevelopment Authority
519 Washington Avenue
Grand Haven, Michigan 49417*

Vern Taylor introduced Troy Cumings and Jim Bonamy from the City of Grand Haven, who discussed the redevelopment efforts being proposed in the city.

This project will facilitate the redevelopment of a former industrial, commercial, and residential property. The property is approximately 19 acres, which will be redeveloped into a mixed use development consisting of multi-family housing, commercial, retail and office space. The project will result in a significant long-term increase to the city's tax base and redevelopment of contaminated property. It is anticipated that the private investment on the property will exceed \$50 million.

The Grand Haven Economic Development Corporation (EDC) currently owns the property and is in the Request for Proposal stage in obtaining a developer for the project. The Grand Haven EDC has removed vacant buildings from the site and will substantially improve infrastructure on the property to stimulate private development.

Industrial uses date back over a century and include manufacturing, furniture making, a tannery, a municipal wastewater treatment plant, plating, petroleum storage and distribution, road equipment repair and maintenance, and brine storage.

The Work Plan requests public infrastructure improvements and site preparation work activity associated with the development of the property. Significant infrastructure improvements are necessary to benefit the eligible parcels, including water main construction, new sanitary sewer, storm sewer construction, river boardwalk

construction, and road, curb and gutter upgrades. Site preparation will be necessary to prepare the parcels for their new uses, including soil borings and geotechnical testing, fill to bring the sites to grade, grading, erosion control, parking lot fabric, paving, curbing, storm sewer installation, storm pond excavation, etc.

The property is one of the few undeveloped properties in the City of Grand Haven. The site has been targeted for redevelopment, but numerous obstacles have prevented any private redevelopment from occurring. This plan will remove those obstacles and allow for development to proceed.

The project may be eligible to apply for a Brownfield Single Business Tax Credit. However, the MEDC's position is that any future Single Business Tax Credit application would be required to show extraordinary clean up costs that go beyond what the TIF will cover.

There are 49.3933 mills available for capture, with school millage equaling 23 mills (47%) and local millage equaling 26.3933 mills (53%). The tax capture breaks down as follows:

School tax capture (47%)	\$ 4,893,542
Local tax capture (53%)	<u>\$ 5,518,249</u>
	\$10,411,791

PROJECT COSTS

Public Infrastructure Improvements	\$ 4,750,000
Site Preparation (non-response)	\$ 1,900,000
Work Plan Preparation	\$ 7,500
MEGA Review Cost	\$ 1,000
Contingency (15%)	\$ 998,775
Municipal Bond Interest	<u>\$ 2,754,516</u>
Total	\$10,411,791

Jackie Shinn asked who will undertake the infrastructure improvements. Mr. Bonamy said that the City will likely undertake these improvements, but he is not sure whether it will be before or after development begins.

This is a facility and is located within the boundaries of the City of Grand Haven, a qualified local governmental unit. The project is the subject of a brownfield plan approved on February 16, 2004, by the Grand Haven City Council.

Recommendation

The Michigan Economic Development Corporation recommends approval of the work plan dated March 24, 2004, to capture taxes levied for school operating purposes up to a maximum of \$3,598,919 to pay for eligible activities for the GrandWater Project. If the City of Grand Haven issues a bond to finance these costs, the MEDC further

recommends the City be authorized to capture additional school taxes to pay interest expense not to exceed \$1,294,623.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee has recommended approval of the requested tax capture for this project.

Don Jakeway asked about Michigan Department of Transportation (MDOT) considerations for highway 31 improvements. Apparently there were some right-of-way issues, among other things. Mr. Bonamy explained that, through negotiations with MDOT, these issues have been resolved.

Hearing no further discussion, a motion was made and supported and Resolution 2004-35, authorizing the City of Grand Haven to capture school operating taxes for its GrandWater Redevelopment Project, was adopted.

ACTION ITEM

*City of Cheboygan Brownfield Redevelopment Authority
403 North Huron
Cheboygan, Michigan 49721*

The eligible property consists of four parcels, with a lumber company, convenience store, and a salon. These buildings are vacant and will be demolished. The property also has a bank, and a recently reopened restaurant. The project site will be acquired by J & D Investments of Cheboygan, LLC. The property will be redeveloped into a dry stack in/out boat storage marina with retail shops, maintenance, and a restaurant. The bank will relocate its operations and both the remaining bank building and the restaurant will be renovated to match the décor of the marina. The new development will be known as Mariner Village. A 35,000 square foot marina will be built with additional square footage for both retail and office space

Brownfield Work Plan approvals are granted based on several criteria outlined in the statute. The appropriate criteria were met. The City has vacated and turned over part of Pine Street, as well as approximately 50 feet of river frontage to the project.

The cost of the eligible activities totals \$247,250. The tax breakdown is as follows:

\$124,218	State School Property Taxes	(50.24%)
<u>+123,032</u>	Local Property Taxes	(49.76%)
\$247,250		

PROJECT COSTS (MEGA SHARE)

Asbestos Abatement \$ 15,000

Demolition	50,000
Site Preparation	128,000
Infrastructure	21,000
Work Plan Review	1,000
Contingency (15%)	+ 32,250
Total	\$247,250

The property is a "facility" and is located within the boundaries of the City of Cheboygan, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on May 11, 2004, by the City of Cheboygan City Council.

Recommendation

The Michigan Economic Development Corporation (MEDC) recommends approval of the work plan to capture taxes levied for school operating purposes up to a maximum of \$124,218 to pay for eligible activities in the work plan prepared on April 27, 2004.

Board Discussion

Faye Nelson gave the report of the Executive Committee and recommended approval of the requested tax capture. Hearing no further discussion, a motion was made and supported and Resolution 2004-36, approving a the capture of taxes levied for school operating purposes to the City of Cheboygan Brownfield Redevelopment Authority for its Mariner Village redevelopment project, was adopted.

The meeting was adjourned at 11:00 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, July 13, 2004.