

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
June 25, 2009

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Thursday, June 25, 2009 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq. N., Lansing, Michigan.

MEMBERS PRESENT: Douglas Buckler; Liesl Clark (acting on behalf of Stanley "Skip" Pruss, authorization attached); Deb Dansby (acting on behalf of Greg Main, authorization attached); Baldomero Garcia; Tim Herman; Michael Kapp (acting on behalf of Kirk Steudle, authorization attached); Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached);

MEMBERS ABSENT: Cullen DuBose

CALL TO ORDER: Ms. Dansby called the meeting to order at 2:03 p.m.
Ms. Dansby introduced herself to everyone and apologized to the Board Members for such short notice then thanked them for coming. Ms. Dansby thanked the entire MEDC team for working around the clock and for being flexible.

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

PROPOSED RETENTION MEGA CREDITS:

Resolution 2009-116: General Motors Corporation (GM)

Bruce Seymore, MEDC Business Development Manager, provided background information for this action and introduced guest presenters; Rick Zablocki, GM General Director of Tax Operations; Eric Henning, GM Government Relations; Candice Butler GM Economic Development Manager; Maureen Krause, Oakland County EDC; and Matt Gibb, Orion Twp. Supervisor

Mr. Zablocki thanked the MEDC Board Members and spoke about the proposed project saying that GM is considering a sight for small car selection site. Lake Orion is a possible candidate for new technology and a "b" and "c" size class production facility. Mr. Zablocki explained further what a "b" and "c" size meant using the Chevy Aveo as an example of "b", which currently is only produced in Korea and the Chevy Cobalt as a "c" class example. He spoke about investing \$600-700 million in 2010 for the facility and having vehicles produced by 2011 vehicles from 1200 jobs at Lake Orion. Mr. Zablocki said that was a high-level overview and he would be happy to answer any questions. Mr. Gibb spoke about how Lake Orion has a significant partnership with GM including four PA 198's. Mr. Gibb went on and talked about the township's partnership with GM being more than the plant. He spoke briefly about the Chevy Malibu awarded Car of the Year for 2008. Mr. Gibb talked about how the employees make up such a significant part of the community and how Lake Orion wants to take advantage of what tools they have to preserve that community by giving full cooperation. Mr. Gibb talked about giving a PA 328 for 25 years without question saying that Lake Orion has a vested interest to keep them open. He explained to the Board it was easy to say yes to a full 25 years and no problem to say yes to a PA 198 for 12 years. Mr. Gibb said "If we don't [offer help] we lose a community. We would rather offer now." Mr. Gibb talked about a project partnership with GM for a \$1.4 million water project with a \$1.2 million value loss that the township will absorb and can absorb due to sound fiscal policy. Mr. Gibb thanked the MEDC for helping GM and encouraged the Board that GM is an investment that will make Michigan successful and Lake Orion will do what it takes. Ms. Krause thanked the MEGA Board, GM, the MEDC, and Lake Orion for being creative

[putting an incentive package together]. Ms. Krause talked about GM historically being the number one employer in Oakland County and wanting to keep those jobs. Ms. Krause spoke about being pleased to commit job and workforce training.

Ms. Dansby stated that this was fantastic and thanked Lake Orion. Mr. Zablocki thanked everyone for coming together and putting together an attractive package. Ms. Dansby asked Mr. Zablocki what makes Michigan more attractive than Tennessee and Wisconsin. Mr. Zablocki answered Ms. Dansby saying they had 12 criteria and number of them favored Michigan and some of them favored other states. Mr. Zablocki listed some of the criteria: Logistics Cost; Supply Base; Utility Cost; Government Incentives; Labor Cost. Mr. Herman asked if this was a consolidation. Ms. Hoag answered Mr. Herman and said she would cover the proposal in greater detail momentarily, after the local government representatives had an opportunity to speak.

Valerie Hoag, MEDC Director, Portfolio Management and Packaging, provided additional information on this project

Ms. Hoag stated that General Motors is headquartered in Detroit, MI saying the proposed project is the retention of all General Motors current manufacturing in the State of Michigan, including the Orion Assembly Plant in Lake Orion, Oakland County (an up to \$700 million investment and the retention of 1,500 jobs).

Recommendation: MEDC staff recommends up to a 100 percent retention employment tax credit for 20 years for up to 20,000 retained employees at the General Motors manufacturing facilities in the State. The company must maintain statewide manufacturing employment threshold of at least 8,000 employees and set aside their nine existing MEGAs that have been awarded before 2009.

Ms. Dansby pointed out the creativity that Ms. Krause had mentioned recognized the ripple effect. Ms. Dansby said the State is committed to find the right solution and she said she considered this a new beginning and a start of a new way of thinking. Ms. Dansby thanked GM and everyone involved for investing. Ms. Hoag informed the Board that the DELEG contribution is the largest offer that she has witnessed.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Peter Anastor, MEGA Board Secretary, informed the Board that the resolution is customized for GM or a successor company following bankruptcy proceedings. Mr. Anastor spoke about three contingencies: 1) the company must maintain 8000 qualified jobs; 2) PA tax abatements by local governments; 3) the company sets aside all existing MEGA Credits. Mr. Anastor referenced the attachment A) which lists all parts that are part of the project and attachment B) which lists all the MEGA credits that will be set aside. Ms. Dansby asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-116. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Mr. Zablocki thanked everyone again saying he wanted to express his appreciation for continued support.

DISCUSSION:

Ms. Dansby asked if there were any additional discussion items. Being none, Ms. Dansby thanked the Board Members and the MEDC staff for their hard work.

ADJOURNMENT: The meeting was adjourned by Deb Dansby at 2:22 p.m.