

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on July 11, 2006, at 10:00 a.m.

Members Present

Jim Epolito

Bo Garcia

Sande-Bain MacLeod

Faye Nelson

Scott Schragger (acting for and on behalf of Robert Kleine, authorization attached)

Jackie Shinn (acting for and on behalf of Kirk Steudle, authorization attached)

Robert Swanson

Others Present

Karen Ammarman, MEDC

Amy Banninga, MEDC

Tiffany Bloom, MEDC

Grady Burnett, (Adwords) Google, Inc.

Lisa Dancsok, MEDC

Deb Dansby, MEDC

Sara Dial, Sara Dial and Associates, Inc.

Jim Donaldson, MEDC

Michael Finney, Washtenaw Development Council

David Fisher, Google, Inc.

Julie Karkosak, MEDC

Carol Knobloch Johns, MEDC

Paul Krepps, MEDC

Penny Launstein, MEDC

William Milliken, Chairman, Washtenaw Development Council

Mark Morante, MEDC

Susan Novakoski, MEDC

Sante Perrelli, Attorney General's Office

Nate Pilon, MEDC

Sandy Ring, MEDC

Mike Shore, MEDC

Call to Order

Robert Swanson called the meeting to order at 10:05 a.m.

Approval of Minutes from June 13, 2006

After review, a motion was made, supported and carried that board meeting minutes from the June 13, 2006 meeting be adopted

Public Comment

There was no public comment.

ACTION ITEM

*Google, Inc.
1600 Amphitheatre Parkway
Mountain View, California 94043*

Jim Donaldson introduced David Fischer from Google, Inc., and Grady Burnett with Adwords. Mr. Michael Finney and William Milliken with the Washtenaw Development Council were also introduced. Mr. Fischer presented the project to the board.

The proposed project would handle online sales and operations for Google's Adwords program. As a business, Google generates revenue by providing advertisers with the opportunity to deliver measurable, cost-effective online advertising that is relevant to the information displayed on any given page. Thousands of advertisers use the Google AdWords program to promote their products and services on the web with targeted advertising.

Google is considering several locations in Washtenaw County and has not yet determined whether the company would lease existing space or construct a new building. It is anticipated that if the company leases space, the total capital investment would be approximately \$20 million in addition to the cost of its lease payments. If the company constructs a new building, this amount would be approximately \$50 million. The company estimates that this proposed project would add up to 1,000 jobs within the first five years of operations, with an average weekly wage of \$913.

It is estimated that this facility will generate a total of 2,245 jobs in the state by the year 2026. Total state government revenues through the year 2026, would be increased by \$127 million due to the presence of this facility.

While Washtenaw County has a concentration of high technology companies, the numbers are still quite small compared to larger populated areas. Because Ann Arbor is a comparatively small community, the available workforce is not as large as that found in other college towns. This workforce issue is somewhat mitigated by the larger workforce potential in the adjoining area. However, this broader labor force does not have the education levels of the Washtenaw County workforce. The company is further constrained by the lack of large real estate sites in Washtenaw County, which limits site location options.

Michael Finney expressed community support for the project. The Washtenaw Development Council will pay the \$5,000 MEGA application fee for the company. The company will request local property tax abatement when a specific site has been selected.

The company is a qualified high-technology business, whose primary business activity is advanced computing, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a high-technology employment tax credit for 20 years, for up to 2,000 net new employees. The credit percentage will be determined as follows: A 100 percent credit will be offered for the first five years of operations, if 75 jobs are created. No credit will be collected if fewer than 75 jobs are created. After the initial five years, the credit percentage will be based on the headcount at the project. If the headcount is at least 1,000, 100 percent credit will be available. For headcount below 1,000 but at least 500, the credit percentage will be equal to the actual headcount divided by 1,000. For example, if 850 jobs are created, the credit percentage will be 85 percent. Beginning in 2012, the company must create and maintain at least 500 full time jobs to collect the credit.

Board Discussion

Faye Nelson gave the report on behalf of the Executive Committee. The committee has recommended support of the company's request for a High Tech MEGA tax credit.

Jackie Shinn asked whether there will be a transfer of staff from other areas of the country. Mr. Fischer responded, stating that the company intends to hire new staff from the area.

Hearing no further discussion, a motion was made and supported and Resolution 2006-41, authorizing a High Tech MEGA tax credit for Google, Inc., was adopted.

The meeting was adjourned at 10:15 a.m.