

## **ADOPTED MINUTES**

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 201 N. Washington Square, 4<sup>th</sup> Floor Conference Room on July 17, 2001 at 2:00 p.m.

### **Members Present**

Craig DeNooyer

Nancy Duncan (acting for and on behalf of Duane Berger, authorization attached)

Phil Kazmierski (acting for and on behalf of Gregory Rosine, authorization attached)

Doug Roberts

Doug Rothwell

Tim Ward

### **Members Absent**

Beth Chappell

Sarah Deson-Fried

### **Others Present**

Karen Ammarman, MEGA, MEDC

Dawn Baetsen, Deloitte and Touche

Kathy Blake, Senior V.P., Business Development, MEDC

Tino Breithaupt, MEDC

John Czarnecki, Vice President, Business Services, MEDC

Linda Dankoff, MEGA, MEDC

Jim Donaldson, Vice President, MBD, MEDC

Frederick Frank, Attorney, Honigman Miller

Dan Gaydou, Publisher, The Grand Rapids Press

Dr. Gerard Housey, President and CEO, Housey Pharmaceutical

Carol Knobloch Johns, MEDC

Jennifer Kopp, MEDC

Mark Morante, Vice President, Dev. Finance, MEDC

Robert Pierce, Operating Director, The Grand Rapids Press

Tom Schimpf, Attorney General

Susan Shannon, City of Grand Rapids

Nancy Taylor, Treasury

Vern Taylor, Brownfield, MEDC

Alan Valade, Attorney, Honigman Miller

Stuart Weiss, Attorney, Honigman Miller

Dick Wendt, Attorney, Dickinson Wright

### **Call to Order**

Doug Rothwell called the meeting to order at 2:05 p.m.

## **Approval of Minutes from June 19, 2001**

It was moved, supported and carried that the minutes from the June 19, 2001 meeting be adopted.

## **Public Comment**

There was no public comment.

## **ACTION ITEM**

*Housey Pharmaceutical, Incorporated  
3150 Livernois, Suite 115  
Troy, Michigan 48099-9578*

Kathy Blake briefed the Board on this project and introduced Dr. Gerard Housey of Housey Pharmaceutical, Incorporated, who presented the project to the Board.

Housey Pharmaceutical is considering a first phase expansion of office and research laboratory space for pharmaceutical research. Housey is considering leasing space in an existing facility in Southfield, Michigan or in North Carolina in the Research Triangle. If the project locates in Southfield, the company will invest over \$4.1 million in the project, including \$1.3 million in capitalized lease and building improvement costs and \$2.8 million in new laboratory machinery and equipment. The company would sign a twelve (12) year lease on the building, making a significant commitment to the Southfield location. The project will add six new jobs in the first year and 70 new positions over a five-year period at an average weekly wage of \$824. Housey expects to have each laboratory operation sufficiently installed, tested, inspected and approved for research operations by July 2002.

The economic analysis done by the Michigan Economic Development Corporation estimates that the facility will generate a total of 88 jobs in the state by the year 2014. Net state government revenues through the year 2014 would be increased by \$3.9 million due to the project.

North Carolina is an attractive site because the Research Triangle is home to nine research universities, two of Housey's major customers, an experienced workforce and 200 biotechnology operations. Housey has been offered available laboratory space at rates that are significantly lower than in Michigan and are guaranteed for three years.

The State of Michigan will provide the company with a 100% abatement of the 6-mill State Education Tax valued at \$25,200. The City of Southfield has proposed a 50 percent abatement of the company's personal property taxes for five (5) years. The estimated value of this local abatement is \$101,700.

## **Recommendation**

The Michigan Economic Development Corporation recommends a high-technology MEGA employment credit of 100 percent for twelve (12) years for up to 70 net new jobs.

## **Board Discussion**

Tim Ward gave the report of the Executive Committee. The Committee felt that this opportunity fit well with the state's life sciences initiative. The Committee also felt that the MEGA credits were needed to offset the advantage of the incentives offered by North Carolina.

Chairman Rothwell asked if there were any further questions from the Board. There being none, it was moved and supported, and Resolution 2001-032 awarding a high-tech MEGA Tax Credit to Housey Pharmaceutical, Incorporated was adopted.

## **ACTION ITEM**

*The Herald Company, Inc./The Grand Rapids Press  
155 Michigan Street N.W.  
Grand Rapids, Michigan 49503*

John Czarnecki began the presentation. The Board's approval is requested for a Brownfield Redevelopment Tax Credit. The City of Grand Rapids expects to present a work plan for Board approval next month. Susan Shannon with the City of Grand Rapids outlined the proposal for the Board.

Dan Gaydou of The Grand Rapids Press presented the building expansion plan and a request was made for the credit. The Grand Rapids Press intends to demolish and renovate a portion of its existing buildings and replace obsolete production equipment. To accomplish this, The Grand Rapids Press is seeking a \$7,885,200 Brownfield Redevelopment Tax Credit.

The company and community are seeking to finance a 718 space parking deck, removal of an old railroad line, and minor street improvements. Benefits to the local community include removing an old rail line, retaining 840 employees, and making prime development parcels on the Grand River, currently being used for surface parking, available to the city for development. Development of the riverfront parcels could provide a significant increase to the tax base of the city.

Ms. Shannon also indicated that this project is a key component in the city's master plan and has the backing of the City Council.

The eligible investment to be undertaken by The Grand Rapids Press includes \$42,000,000 in machinery and equipment, \$30,000,000 in building expansion,

\$4,000,000 in renovations to its existing building, \$2,045,000 in demolition, and \$807,000 in site improvements. The total private investment is \$78,852,000.

### **Recommendation**

The Brownfield Redevelopment Credit before the MEGA Board is for 10 percent of the eligible investment which is \$7,885,200.

### **Board Discussion**

Tim Ward gave the Executive Committee report. The Executive Committee was supportive of the project and approved of freeing up prime riverfront property.

Mr. DeNooyer asked if the employment effects of the project are neutral? Mr. Gaydou replied that no increase in employment was anticipated at the Grand Rapids Press as a result of this project. Ms. Shannon then added that the city hoped that the development of the riverfront would result in new jobs for the area.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, and supported, and Resolution 2001-033 approving a Brownfield Redevelopment Tax Credit for The Grand Rapids Press was adopted.

### **ACTION ITEM**

*SequoiaNET.com  
107 South Squirrel Road  
Auburn Hills, Michigan 48326*

Karen Ammarman presented the transfer amendment to the Board.

In December of 2000, the MEGA authorized an Employment Credit of 50 percent for seven years to SequoiaNET.com, Incorporated for consolidation and expansion of its computer network services business in Auburn Hills. At that time, the company anticipated adding 225 jobs over the next three years.

SequoiaNET.com is a wholly owned subsidiary of Analysts International Corporation, which is headquartered in Minneapolis and employs 60 in Michigan. For a variety of business reasons, including insurance, employee benefit, and tax administration, it would be more economical to operate SequoiaNET.com as a division of Analysts rather than as a subsidiary.

SequoiaNET.com has requested the transfer of its MEGA Tax Credit to Analysts International. Because the jobs of Analysts International were included in the original jobs base established for the SequoiaNET.com credit, no changes in the terms of the credit are needed in connection with the transfer.

Staff recommends that the MEGA agree to the transfer of the SequoiaNET.com credit to Analysts International Corporation.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, supported and carried that Resolution 2001-034 transferring SequoiaNET.com's MEGA tax credit to Analysts International Corporation be adopted.

The meeting was adjourned at 2:40 p.m.