

**MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD**  
**JULY 19, 2011**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, July 19, 2011, at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** Cullen DuBose, Ruth Duquette [acting for and on behalf of John Nixon, authorization attached], Tim Herman, Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, authorization attached], Bill Martin, Jennifer Nelson [acting for and on behalf of Michael Finney, authorization attached].

**MEMBERS ABSENT:** None.

**CALL TO ORDER:** Jennifer Nelson called the meeting to order at 10:00 a.m.

**APPROVAL OF MINUTES:** Ms. Nelson asked for a motion to approve the June 14, 2011 meeting minutes. **Mr. Martin made a motion for approval of the minutes. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 0 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 that the Executive Committee recommended approval of the agenda items to be presented to the Board.

**PROPOSED MEGA CREDITS**

**Resolution 2011-090 – Plasan Carbon Composites, Inc.** [High Technology Amendment]

*Kelly Rogers, Manager, Targeted Initiative; and Robert Wilson, Project Specialist; provided background information and introduced the guest presenters: James Staargaard, President, Plasan Carbon Composites, Inc; Linda Conrad, Vice-President Finance, Plasan Carbon Composites; Suzanne Cole, CEO, Miller Cole LLC; Catherine Vander Meulen, City Manager, City of Walker; George Bosnjak, Business Development Manager, the Right Place.*

Mr. Staargaard thanked the Board and staff for their diligence in preparing the project to present to the MEGA Board members. The company manufactures carbon composite automotive components and has current business with both General Motors and Chrysler. Through its intense research and development the company located in Wixom has developed an out of autoclave carbon fiber manufacturing process that will allow for high volume production of their carbon fiber necessitating an expansion of their manufacturing operations. The company has the opportunity to bring 202 additional jobs to the state through this expansion to an additional location in Walker. Ms. Vander Meulen expressed the City of Walker's excitement regarding the potential location of the company in the City.

**Recommendation:** Staff recommends approval of amending the term of the tax credit from a 7 year 100% credit to a 5 year credit with a credit percentage in the first three years set at 200%; the remaining two years of the credit will be set at 100%. The project description will be redefined to encompass both

sites, increase the number of qualified new jobs to a maximum of 238; and reduce the average weekly wages from \$1,657 to \$1024.

**Board Discussion:** Ms. Campbell stated the local support contingency of the tax credit will be adjusted to encompass both the City of Wixom and City of Walker. Ms. Nelson asked if there were any questions from the Board. Mr. Martin made a motion for approval of Resolution 2011-090. Mr. Lockwood seconded the motion. The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 0 absent.

**Resolution 2011-091- Science Application International Corporation** [High Technology]

*Kathy Kleckner, Project Manager; and Stacy Bowerman, Portfolio & Packaging Specialist; provided background information and introduced the guest presenters: Shad Evans, Director, Tax Advisor for Economic Development.*

Ms. Kleckner provided an overview of the project. Mr. Evans provided details of the project. The company, teaming with Boeing and other international defense companies, is competing for the award of the first of three phases for an improved Ground Combat Vehicle contract with the United States Department of Defense (DOD). He indicated the DOD decision was anticipated to be announced the following Thursday. The company is considering a Livonia site if they secure phase one of the contract. Ms. Bowerman recapped the details of the project. The company will invest approximately \$805,000 and create 50 jobs. The City of Livonia is supportive and anticipates a 12-year property tax abatement under Public Act 198.

**Recommendation:** Staff recommends a 100% high technology employment tax credit for two years for up to 50 net new employees in excess of the company's established base of 322.

**Board Discussion:** Ms. Campbell stated that the project is contingent on securing phase one of the Defense contract and approval by the City of Livonia for the PA 198 tax abatement. Ms. Nelson asked if there were any questions from the Board. **Mr. Herman motioned approval of Resolution 2011-091. Mr. Martin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

**PROPOSED BROWNFIELD MBT CREDIT AND WORK PLAN**

**Resolution 2011-092 – East Jefferson Neighborhood Project – MBT Credit**

**Resolution 2011-093 – East Jefferson Neighborhood Project – TIF Credit**

*Stacy Esbrook, Brownfield Program Specialist, provided background information and introduced the guest presenters: Sarah Pavelko, Consultant, ASTI; and Nathan Keup, Developer.*

Mr. Keup provided the Board with an overview of the project. The project will redevelop two vacant buildings by renovating and connecting the buildings for an affordable assisted living facility, licensed nursing home apartments and neighborhood care. Ms. Esbrook further explained the scope of the project. The total capital investment will be approximately \$35 million while the total MBT eligible investment will be approximately \$20.1 million.

**Recommendation:** Staff recommends approval of a 12.5% Brownfield MBT Credit, not to exceed \$2,521,517. The MEDC also recommends approval of local and school tax capture for the MEGA eligible activities totaling \$385,758.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Ms. Duquette motioned approval of Resolution 2011-092. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 rescusals; 0 absent.

**Ms. Duquette motioned approval of Resolution 2011-093. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

### **PROPOSED BROWNFIELD WORK PLANS**

#### **Resolution 2011-094 – City of Wyandotte – 2011 Biddle**

*Dan Wells, Program Specialist-Brownfield, provided background information and introduced guest speaker: Joe Voszatka, City of Wyandotte.*

Mr. Wells provided an overview of the project. Mr. Voszatka further explained the scope of the project involved demolition, removal of the basement, and abatement of lead, asbestos and hazardous materials prior to demotion. The site will be redeveloped into an approximately 17,500 square foot medical office building. The site was deemed blighted by the City of Wyandotte.

**Recommendation:** Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$210,752. Utilizing current state to local capture ratio, the amount of school tax capture for this project is estimated at \$74,989.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. Mr. Martin inquired about contamination from underground storage units. Mr. Voszatka responded that all environmental issues have been resolved. There being no further questions, **Mr. Martin motioned approval of Resolution 2011-094. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

#### **Resolution 2011-095 – Former Gas Station – 10108 and 10130 West Seven Mile Project**

*Stacy Esbrook, Brownfield Program Specialist, provided background information and introduced guest presenters: Sam Yaldo, Member, 7W-CUBS, LLC; and Nicholas G. Maloof, President & General Counsel, Associated Environmental Services, LLC.*

Ms. Esbrook provided an overview of the Work Plan request. Mr. Maloof further explained the scope of the project to the Board. The project will include demolition of existing buildings, abandoned utilities, parking lot and eight underground storage tanks. The site will be repurposed into a Family Dollar retail center. Appropriate site improvements will also be incorporated into the project.

**Recommendation:** Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$301,133. Utilizing current state to local capture ratios, the amount of school tax capture for this project is estimated at \$114,835.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Martin motioned approval of Resolution 2011-095. Ms. Duquette seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

#### **Resolution 2011-096 – Packard Square Redevelopment**

*Stacy Esbrook, Brownfield Program Specialist, provided background information and introduced guest presenters: Craig Schubiner, Developer, Harbor Georgetown, LLC; Bruce Meason, Developer, Packard Square; Bret Stuntz, Senior Project Manager, AKT Peerless Environmental & Energy Services; Brett Lenart, Project Manager, Washtenaw County.*

Revised copies of the Briefing Memo and Resolution were provided to the Board members. Ms. Esbrook advised the Board that there had been a slight decrease in the eligible interest charged and the sub-totals changed. Mr. Schubiner explained the project includes demolition of three vacant one-story buildings and

construction of a four-story mixed-use building. Ms. Esbrook further advised the Board that Washtenaw County has applied for a \$1,000,000 MDEQ grant to pay for certain eligible activities. The project has also prepared an Act 381 Work Plan for State DEQ Eligible Activities estimated at \$1,180,377.

**Recommendation:** Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$2,040,149. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$874,749.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned approval of Resolution 2011-096. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

### **PROPOSED MEGA CREDIT AMENDMENTS**

#### **Resolution 2011-097 – General Motors, LLC – Orion II Amendment**

*Jonathon Younkman, MEGA Program Specialist/Team Leader, provided background information on this project.*

As a result of the company's recent bankruptcy restructuring, projects and corresponding capital investment have been reallocated across several sites since 2008. The company has requested that the new capital investment requirement at specified location be amended to allow a consolidated minimum \$500,000,000 new capital investment at all facilities noted in the referenced resolutions provided that new capital investment was made before December 31, 2010. Staff has reviewed investment requirements of the company's MEGA incentives and has confirmed that this investment does not overlap with any other requirement.

**Recommendation:** Staff recommends that both parts of the current new capital investment requirement of this MEGA Retention Credit be amended into one consolidated amount of \$500,000,000 to be made at any identified sites in the Agreement. Staff also recommends that the new capital investment have been made no later than December 31, 2010 and that the changes be made effective December 31, 2008. All other aspects of the project and resolution remain the same.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. **Mr. Martin motioned approval of Resolution 2011-097. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

#### **Resolution 2011-098 – Hemlock Semiconductor Corporation**

*Jonathon Younkman, MEGA Program Specialist/Team Leader, provided background information on this project.*

Resolution 2008-162 and 2008-163 designated Hemlock Semiconductor Corporation (HSC) as an Anchor Jobs Company and an Anchor District Company. HSC brought forth its first potential Qualified Supplier, Dow Corning Corporation in late 2010. Due to administrative limitations, all parties have been unable to enter into the Agreement until recently.

**Recommendation:** Staff recommends the execution deadline provision of January 31, 2011, as put forth by Resolution 2010-209, be extended to 30 days from the date of this amending resolution with an additional 30 day extension by staff, for cause. All other aspects of the project remain the same.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. **Mr. Herman motioned approval of Resolution 2011-098. Ms. Duquette seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

**Resolution 2011-099 – KUKA Robotics Corporation**

*Stacy Bowerman, Portfolio & Packaging Specialist, provided background information on this project.*

On February 15, 2011, KUKA Robotics Corporation received a 75% Retention MEGA Tax Credit for retention of the US subsidiary headquarters under Resolution 2011-020. Consideration was given to sites in both Clinton Township and Auburn Hills. The Resolution stipulated the company finalize project location prior to executing the MEGA Tax Credit Agreement and be entered into by June 15, 2011. Due to unforeseen circumstances, KUKA was unable to find a building in either Auburn Hills or Rochester that would accommodate their existing operations. After an extensive search, a site has been located in Shelby Charter Township, Macomb County.

**Recommendation:** Staff recommends that the project location be amended to Shelby Charter Township, Macomb County. In addition, the MEDC recommends that the parties be allowed to extend the time to enter into the agreement to 30 days from the effective date of this Resolution. All other aspects of the original MEGA remain as is.

**Board Discussion:** Ms. Campbell stated that approval by Shelby Charter Township of a property tax abatement must take place prior to signing the amended MEGA Tax Credit Agreement. Ms. Nelson asked if there were any questions from the Board. **Mr. Lockwood motioned approval of Resolution 2011-099. Mr. Martin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

**Resolution 2011-100 – The Minacs Group (USA) Inc.**

*Jonathon Younkman, MEGA Program Specialist/Team Leader, provided background information on this project.*

The company has requested a time extension to be entered into within 60 days of the effective date of this resolution and that staff may extend this date for an additional 30 days with cause. The company had not entered into the agreement due to outstanding issues with the Office of the Chief Compliance Officer. The Company has since addressed the outstanding issues and is ready to proceed with the project.

**Recommendation:** Staff recommends that the company be allowed to extend the time to enter into the agreement to 60 days from the effective date of the proposed Resolution and that staff may extend for an additional 30 with cause. All other aspects of the project and resolutions remain the same.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Herman motioned approval of Resolution 2011-100. Mr. Martin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

**PROPOSED BROWNFIELD WORK PLAN AMENDMENTS**

**Resolution 2011-101 – City of East Lansing – City Center II Project Work Plan**

*Dan Wells, Program Specialist – Brownfield, provided background information on this project.* The East Lansing Brownfield Redevelopment Authority requests to extend the date for completion of eligible activities to July 15, 2014, delay the commencement date of tax increment capture until 2013, and retain the Brownfield Plan duration of 30 years.

**Recommendation:** Staff recommends approval of the amendment request. However, in order for school tax capture to occur on this project, the applicant shall initiate tax increment capture by July 15, 2013.

**Board Discussion:** Ms. Campbell stated the contingency for school tax capture to occur on this project, the applicant shall initiate tax increment capture by July 15, 2013. Ms. Nelson asked if there were any questions from the Board. **Mr. Martin motioned approval of Resolution 2011-101. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

**Resolution 2011-102 – Grand Traverse County – Grand Traverse Commons Project**

*Dan Wells, Program Specialist – Brownfield, provided background information on this project and introduced guest presenters: Jean Derenzy, Deputy Director, Grand Traverse County; Russ Soyring, City of Traverse City, Planning Director; Ray Minervini, The Minervini Group – Developer; Jeff Vitton, Grand Traverse County.*

Ms. Derenzy thanked the Board and staff for their assistance with the Grand Traverse Commons project. Mr. Minervini provided information regarding the scope of the project and presented illustrations of the site prior to and after renovation. Mr. Soyring also thanked the staff and Board for their consideration of this project.

*Mr. Wells provided additional information.*

The overall project is the largest historic building renovation and redeveloping in northern Michigan. The project is redeveloping the former state psychiatric hospital property located at multiple addresses which straddles the border of Traverse City and Garfield Township. It is a series of projects with an overall vision to redevelop and reuse portions of the vacant former institutional buildings as market forces demand.

**Recommendation:** Staff recommends approval of increasing local and school tax capture for MEGA eligible activities by \$19,962,292. Applicant must address contingencies specified for school tax capture to occur on this project.

**Board Discussion:** Ms. Campbell stated a contingency is that the applicant must provide all right-of-ways and easements outlined as secondary public infrastructure improvement areas transferred by the developer to the City of Traverse City for public use prior to capturing school tax revenues for foundation work to address special soil concerns as an eligible activity in the area of the power house, provide an Engineers Opinion letter or similar along with appropriate testing data/evidence to support the Engineers Opinion. Ms. Nelson asked if there were any questions from the Board. **Mr. Jackson motioned approval of Resolution 2011-102. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recusals; 0 absent.

**COMMUNICATIONS FROM MEGA BOARD SECRETARY**

Karla Campbell, MEGA Board Secretary, provided the Board with a list of the amendments which had been executed by the MEGA Board Secretary on behalf of the MEGA Board for the second quarter of 2011.

The meeting adjourned at 10:55 a.m.