

## **ADOPTED MINUTES**

A special meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on March 30, 2007, at 9:00 a.m.

### **Members Present**

Keith Cooley

Cullen Dubose

Jim Epolito

Faye Alexander Nelson (via conference call)

Scott Schrager (acting on behalf of Robert Kleine, authorization attached)

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

### **Others Present**

Peter Anastor, MEDC

Mary Lou Benecke, Dow Corning Corporation

Tiffany Bloom, MEDC

Stacy Bowerman, MEDC

Toni Brownfield, MEDC

Merrie-Lynne Cherry, MDOT

Rick Doornbos, Hemlock Semiconductor Corporation

Darnell Early, City of Saginaw

Brenda Flory, MEDC

Carol Knobloch Johns, MEDC

Steve Jonas, Saginaw Future Inc.

Mark Morante, MEDC

Nate Pilon, MEDC

Mike Pohnl, MEDC

Matthew Rick, Attorney General's Office

Susan Scott, Hemlock Semiconductor Corporation

John Tierney, Dow Corning Corporation

### **Call to Order**

Jim Epolito called the meeting to order at 10:08 a.m.

### **Approval of Minutes from March 13, 2007**

After review, a motion was made, supported and carried that board meeting minutes from the March 13, 2007, meeting be adopted.

### **Public Comment**

There was no public comment.

## ACTION ITEM

*Hemlock Semiconductor Corporation  
12334 Geddes Road  
Hemlock, Michigan 48626*

Jim Epolito introduced Rick Doornbos with Hemlock Semiconductor Corporation. Mr. Doornbos discussed the project for the board. Hemlock Semiconductor Corporation (HSC) was formed as a wholly-owned subsidiary of Dow Corning Corporation in 1979, and in 1984 added partners to become a joint venture of Dow Corning Corporation and two of Japan's largest single-crystal wafer manufacturers: Shin-Etsu Handotai Company, Ltd. and Mitsubishi Materials Corporation. HSC is the leading U.S. supplier of polycrystalline silicon to the semiconductor industry.

HSC currently has 441 employees in Michigan. In November 2004, the company received a 100 percent high technology employment tax credit for 10 years, for up to 60 net new employees. HSC also received a 100 percent high technology employment tax credit for 15 years for up to 150 net new employees in November 2005.

HSC is considering an expansion of its existing polycrystalline silicon manufacturing facility in Thomas Township. This expansion is intended to primarily serve the growing demand for solar power. The silicon produced will be used as a component of photovoltaic cells used to produce solar energy. The company anticipates a multiple phase expansion with total capital investment of approximately \$900 million to build and equip new manufacturing buildings. The first phase is expected to be fully operational in 2009 with an expected investment of at least \$100 million. The company expects to create a total of 270 jobs paying an average weekly wage of \$893.

Steve Jonas with Saginaw Future Inc. was introduced and discussed the local contribution for the board. The Saginaw County's Revolving Loan Fund paid the applicant's application fee of \$5,000. Thomas Township has proposed 50 percent abatement of the company's taxes on new real property for 12 years. The estimated value of the local property tax abatement is \$21 million. It is also anticipated that Thomas Township and the City of Saginaw will enter into a PA 425 interlocal agreement which will allow the City of Saginaw to offer 100 percent abatement of the company's taxes on personal property for 30 years. It is estimated that this incentive could be worth up to \$242 million over the life of the abatement, which includes \$26 million of SET.

Darnell Earley from the City of Saginaw discussed Saginaw's support of this project. Susan Scott with Hemlock Semiconductor Corporation and John Tierney with Dow Corning Corporation also addressed their support of the project.

Mark Morante provided additional information about the project for the board. It is estimated that this facility will create a total of 589 jobs in the state by the year 2023. It is also estimated that the project would create total state government revenues through the year 2023, of \$45.7 million due to the location of this facility.

The company has also considered locating the expansion in Carrollton, Kentucky. The manufacture of silicon consumes large amounts of electric power and water, and the

company estimates that Michigan's high utility costs will add up to \$16 million in operating costs each year. Because the raw materials have to be transported by truck from Midland to the Saginaw location, there will be over \$2.8 million of transportation costs within the first five years of operations. Infrastructure will also need to be improved at the Michigan site, and that will add approximately \$4 million the first year of construction.

Along with the local support the company will be eligible for job training assistance of \$500 per worker for 400 workers, or up to \$200,000, under the Economic Development Job Training program. The state will also abate 100 percent of the State Education Tax (SET) mills for the length of the real property tax abatement. The value of the SET abatement is worth up to of \$7 million if the community approves a 12-year local abatement. The state and Thomas Township have offered up to \$4 million for qualifying public infrastructure improvements through the Community Development Block Grant and Michigan Transportation Economic Development Fund programs.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 15 years, for up to 270 net new employees.

### **Board Discussion**

Keith Cooley asked the size of the expansion. Mr. Doornbos explained that the company will invest up to \$1 billion which will double the capacity. Mr. Cooley asked about the rate of adding additional employees. Mr. Doornbos stated they are almost up to 500 new employees and will exceed 530 jobs by the end of the second quarter. Mr. Cooley asked what type of employees the company intends to hire. Mr. Doornbos stated that they will be hiring engineers, technicians, tradesmen, and mechanics.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-27, authorizing a high-tech MEGA employment tax credit for Hemlock Semiconductor Corporation, was adopted.

The meeting was adjourned at 9:30 a.m.

The next board meeting is scheduled to take place on April 17, 2007.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

KIRK T. STEUDLE  
DIRECTOR

December 27, 2006

Ms. Karen Ammarman  
Michigan Economic Growth Authority Board  
Michigan Economic Development Corporation  
300 North Washington Square  
Lansing, Michigan 48913

Dear Ms. Ammarman:

As of March 3, 2006, I am appointing Jacqueline G. Shinn, Chief Deputy Director, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In the case when Ms. Shinn is unable to attend a particular board meeting due to scheduling conflicts. I am appointing Michael Kapp, Administrator, Transportation Economic Development and Enhancement, as my alternate representative to attend and act on my behalf.

If you have any question regarding these appointments, please call me at 373-0718.

Sincerely,

Kirk T. Steudle, P.E.  
Director



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

Robert J. Kleine  
State Treasurer

April 12, 2006

Michigan Economic Growth Authority  
300 North Washington Square  
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Scott Schrager, Special Assistant to State Treasurer to represent me at meetings of the Michigan Economic Growth Authority Boards, which I am unable to attend.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Kleine".

Robert J. Kleine  
State Treasurer

C: Scott Schrager