

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
APRIL 14, 2009

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, April 17, 2009 at the House Building, Mackinac Room, 124 North Capitol, Lansing, Michigan.

MEMBERS PRESENT: Douglas Buckler; Baldomero Garcia; Greg Main; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Scott Schrager (acting on behalf of Robert Kleine, authorization attached); Michael Kapp (acting on behalf of Kirk Steudle, authorization attached)

MEMBERS ABSENT: Cullen DuBose; Faye Alexander Nelson

CALL TO ORDER: Mr. Main called the meeting to order at 10:07 a.m.

APPROVAL OF MINUTES: Mr. Main asked for a motion to approve the March 17, 2009 meeting minutes. **Mr. Buckler motioned approval of the minutes. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

PUBLIC COMMENT: Mr. Main gave the floor to Governor Jennifer Granholm who in turn introduced Greg Main as the new CEO of the MEDC. Gov. Granholm continued by saying that this is an exciting day for Michigan and referred to the upcoming projects as helping to turn Michigan from “the rust belt to the green belt.” Gov. Granholm continued by stating that Michigan intends to lead the nation through battery technology and manufacturing of the electric vehicle, thus enhancing its legacy as the auto-capital of the World. Gov. Granholm thanked everyone for their hard work and specifically thanked Doug Parks (SVP New Markets, MEDC) and his team.

Mr. Main asked if there was any other public comment. There was no further public comment.

BATTERY PROJECTS:

Resolution 2009-052: Battery Cell Manufacturing Tax Credit Award

Martin Dober, MEDC Vice President of New Markets, provided background information for this action.

Mr. Dober spoke about the Advanced Battery Credit Program and cited that the \$555 Million program includes tax credits in four areas: 1) Pack Engineering, Integration, and Assembly Credit: \$135 Million; 2) Vehicle Engineering Credit: \$90 Million; 3) Advanced Battery Technologies Credit: \$30 Million; 4) Battery Cell Manufacturing Credit: \$300 Million. Mr. Dober noted that recommendations are being made for the award of the \$300 Million in credits available for Battery Cell Manufacturing.

Mr. Dober identified the Battery Cell Manufacturing review panel as: three members representing the Automotive Manufacturers 1) Bob Kruse, GM; 2) Ted Miller, Ford Motor Company; 3) Lou Rhodes, Chrysler LLC; two Independent Scientists 1) Paul Skalny, US Army Tank Automotive Research; 2) Dr. Ray Boeman, Oak Ridge National Laboratory; and one Ad Hoc Member, Doug Parks, MEDC. Mr. Dober reiterated the seven criteria that guided the review process as: 1) Ability to Demonstrate Novel Technology; 2) Michigan Related Development; 3) Cell Production Capabilities; 4) Commercialization Capabilities; 5) Ability to Meet Market Needs; 6) Job Creation and Development; 7) Financial Viability. Mr. Dober added that the review panel evaluated each applicant against the seven review criteria with each

applicant receiving an overall recommendation of Highly Recommended, Recommended and Insufficient Data. Mr. Dober noted that there were four applicants that received a “Highly Recommended” status.

Recommendation: The review panel and MEDC staff recommend that the MEGA Board provide awards of \$100 Million in Cell Manufacturing Credits to each of the three companies that received the overall recommendation of “*Highly Recommended*”. These companies are: Johnson Controls-Saft, KD ABG MI, LLC and A123 Systems, Inc.

The review panel and the MEDC staff recommend that the MEGA Board provide an additional conditional award of \$100 Million in Cell Manufacturing Credits to the fourth company that received an overall recommendation of Highly Recommended. This award would be conditioned upon legislative approval of a fourth credit. The company recommended for the fourth credit is: LG Chem (Compact Power, Inc.).

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Battery Cell Manufacturing Review Process and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-052. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolutions 2009-053 & 2009-054: Johnson Controls - Saft Advance Power Solutions LLC

Martin Dober introduced guest presenter Mary Ann Wright, VP and General Manager, Johnson Controls-Saft

Ms. Wright spoke about Johnson Controls-Saft (JCS), one of the leading independent suppliers of lithium-ion batteries for hybrid and plug-in hybrid electric vehicles. Ms. Wright continued with JCS’ mission to ensure national security by eliminating dependence on foreign fuels and announced their goal to help secure the auto industry in Michigan. Ms. Wright thanked Michigan and specifically Doug Parks, MEDC.

Josh Hundt, MEDC Program Specialist, provided additional information on the project.

The project involves the construction of an advanced battery manufacturing facility, in Holland, MI, to produce lithium ion cells for automotive applications. JCS anticipates it will invest approximately \$220 million and create up to 1,096 jobs over the next five years paying an average weekly wage of \$626. The company will also offer healthcare benefits and pay a portion of benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard employment credit for 15 years for up to 1,096 net new jobs in excess of the company’s established employment base of 0. MEDC staff recommends that Johnson Controls-Saft receive a Battery Cell Manufacturing Credit in an amount of \$100 million not to exceed \$25 million per year for 4 years subject to the following: the credit shall not be claimed prior to the tax year 2012.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA MBT Credit request and Cell Manufacturing MBT Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-53. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kapp made a motion for approval of Resolution 2009-054. Mr. Schragger seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-055 & 2009-056: LG Chem (Compact Power, Inc.)

Martin Dober introduced guest presenter Prabhakar Patil, CEO, LG Chem

Mr. Patil thanked the MEDC staff. He went on to describe LGC, a leading supplier of lithium ion batteries, a \$13.2 billion company employing 15,000 and is based in Korea. LGC established Compact Power Inc. (CPI), a 100% owned U.S. subsidiary of LGC, as part of its battery business in 2000. LGC-CPI is working closely with General Motors to develop and establish a presence in the U.S. for the production of lithium ion battery cells.

Josh Hundt provided additional information on the project and recommendation.

CPI estimates that it will invest approximately \$244 million and create up to 443 new jobs over the next five years paying an average weekly wage of \$1,001. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard employment credit for 15 years for up to 440 net new jobs in excess of the company's established employment base of 0. MEDC staff recommends that CPI receive a Battery Cell Manufacturing Credit in an amount of \$100 million not to exceed \$25 million per year for 4 years subject to the following: the Legislature amends MCL 208.1434 by May 30, 2009 to allow a fourth battery cell manufacturing credit. The credit shall not be claimed prior to a tax year beginning 2012.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA MBT Credit request and Cell Manufacturing MBT Credit and recommends approval. Mr. Main noted that the Advanced Battery Credits are a very unique process. He said it was originally thought that one credit would be sufficient; however there was a response of four "very high quality applicants", thus leading to the need for a fourth credit. Mr. Main then asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-055. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kapp made a motion for approval of Resolution 2009-056. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-057 & 2009-058: KD ABG MI, LLC

Martin Dober introduced guest presenter Ravi Shankar, Corporate Director for Ventures and Business Development, Dow Chemical

Mr. Shankar thanked the MEDC staff for all of their assistance. He then described KD Advanced Battery Group, LLC (KD ABG) that was recently formed for the purpose of constructing and operating a large scale manufacturing facility in Michigan that will produce safe and affordable cells and batteries for the electric and hybrid electric vehicle markets. KD's parent entity will consist of three prospective owners: 1) Dow Chemical Company; 2) Kokam America, Inc.; 3) Townsend Ventures, LLC

Josh Hundt provided additional information on the project.

KD intends to construct a new 800,000 square foot highly automated large-format battery manufacturing facility, at a site yet to be determined in Michigan. KD estimates that it will invest approximately \$665 million and create up to 885 new jobs over the next five years paying an average weekly wage of \$730. The company will also offer healthcare benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard employment credit for 15 years for up to 885 net new jobs in excess of the company's established employment base of 0.

MEDC staff recommends that KD Advanced Battery Group, LLC receive a Battery Cell Manufacturing Credit in an amount of \$100 million not to exceed \$25 million per year for 4 years subject to the following: the credit shall not be claimed prior to a tax year beginning 2012.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA MBT Credit request and Cell Manufacturing MBT Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-057. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Schrage made a motion for approval of Resolution 2009-058. Mr. Kapp seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-059 & 2009-060: A123 Systems, Inc.

Martin Dober introduced guest presenter David Vieau, President and CEO, A123 Systems

Mr. Vieau thanked and acknowledged all of the MEDC staff. He mentioned some of the company's electrified vehicles were on display outside. Mr. Vieau spoke about the mission of A123 Systems, Inc., which designs, develops, manufactures, and sells advanced, rechargeable lithium-ion batteries and battery systems. Since the 2006 acquisition, of T/J Technologies (a Michigan Company), A123 Systems, Inc. has significantly expanded their presence in Michigan. The company has facilities in Ann Arbor and Novi with 75 employees. A123 Systems, Inc. plans to expand its domestic battery manufacturing by building a cost-competitive advanced battery manufacturing facility to produce lithium ion cells for automotive applications manufacturing plants in the State of Michigan.

Josh Hundt provided additional information on the project.

A123 Systems, Inc. anticipates it will invest approximately \$55.7 million and create up to 844 jobs over the next five years paying an average weekly wage of \$556. The company will also offer healthcare benefits and pay a portion of benefit costs.

Recommendation: MEDC staff recommends a 100 percent high-technology employment credit for 15 years for up to 844 net new jobs in excess of the company's established employment base of 75. MEDC staff recommends that A123 Systems, Inc. receive a Battery Cell Manufacturing Credit in an amount of \$100 million not to exceed \$25 million per year for 4 years subject to the following: The credit shall not be claimed prior to a tax year beginning 2012.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA MBT Credit request and Cell Manufacturing MBT Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-059. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Schrage made a motion for approval of Resolution 2009-060. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

HIGH-TECHNOLOGY MEGA CREDITS

Resolution 2009-061: Transonic Combustion, Inc.

Kathy Kleckner, MEDC Business Development and Attraction Project Manager, introduced the guest presenters who provided background information on the company and this project: Brian Ahlborn, President, Transonic Combustion and Irene Spanos, Senior Business Development Manager, Oakland County.

Mr. Ahlborn thanked the MEDC and the MEGA Board members. He then spoke about Transonic Combustion, currently located in California, and its involvement in automotive research and development. He stated that Transonic Combustion has developed a fuel injection system that dramatically improves fuel efficiency in vehicles. He mentioned one of the ways that the fuel injection systems improve efficiency is by superheating the fuel to a critical state before mixing with the oxygen for the internal combustion process of an engine. Mr. Ahlborn also noted that the Transonic Combustion fuel injection systems have shown dramatic fuel efficiency improvements in many already existing production vehicle engines. Ms. Spanos announced that Oakland County supports the project 100%.

Marcia Gebarowski, MEDC Project Specialist, provided additional information on the project.

The company is considering locating a sales and technology center at a site yet to be determined in Oakland County. The proposed facility will assist in the advanced R&D and commercialization of their high efficiency fuel systems. Transonic Combustion Inc. will invest approximately \$247,000 and create 25 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$2,802. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

Recommendation: MEDC staff recommends an 80 percent high-technology employment tax credit for six years for up to 25 net new employees in excess of the company's established base of 0 subject to the following: the company selects a final site within 60 days of Board approval.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-061. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-062: JB Auto Tech, LLC

Jeff Sand, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Jeffery Bucher, President JB Auto Tech, Jack Kirksey, Mayor, City of Livonia, and Mark Taormina, City Planner, City of Livonia

Mr. Bucher thanked the MEDC staff and stated JB Auto Tech's purpose as a Michigan grown company in the business of designing and manufacturing specialty machines and equipment. With 18 full-time employees in Michigan possessing the engineering skills and capabilities to take a customer's needs from a rough sketch to a prototype build and even mass production of a machine specifically built to the needs and desires of the customer. Mayor Kirksey and Mark Taormina both announced Livonia's 100% support for the project.

Marcia Gebarowski provided additional information on the project.

The company would like to create a new business division that would incorporate internal combustion engine development and testing into the JBautotech umbrella of services. This project would involve moving into a bigger facility in Livonia to accommodate the anticipated growth. JBautotech will invest approximately \$970,000 and create 29 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,144. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 29 net new employees in excess of the company's established base of 18.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Schragger made a motion for approval of Resolution 2009-062. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-063: PolyCem LLC

Bill Kratz, MEDC Business Development Manager, introduced the guest presenters who provided background information on the company and this project: Jameson Goorman, President JB PolyCem; Ed Garner, President Muskegon Area First; Carrie Lark, Director of Administrative Services, City of Norton Shores

Mr. Goorman identified himself as a west Michigan native and that he was happy that the opportunity to return to Michigan had presented itself. He stated that Michigan was selected because of its strong base of engineering talent. He went on to describe PolyCem which began five years ago engaging in R&D to develop new products using concrete-based technology covered by a variety of patents the company owns. The company is currently in the advanced development stages of a flexible concrete material that blurs the line between the properties of concrete and plastic which can be customized in strength and flexibility as specified by a customer's needs. Mr. Garner added that this project is reusing an existing facility that would be otherwise vacant. Ms. Lark informed the Board that a PA328 had been approved for PolyCem.

Marcia Gebarowski provided additional information on the project.

The company will relocate their research and development center from Mississippi to a facility in Norton Shores, Michigan. PolyCem currently has three employees in Michigan. PolyCem will invest approximately \$5.6 Million and create 116 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$595. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for seven years for up to 116 net new employees in excess of the company's established base of 3.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval. Mr. Main said this is "good news" for Michigan and asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2009-063. Mr. Schragger seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-064: Unity Studios, Inc.

Penny Launstein, MEDC Site Selection and Special Projects Manager, introduced the guest presenters who provided background information on the company and this project: James Lifton, President; Gary J. Burtka, Mayor, City of Allen Park.

Mr. Lifton thanked the MEDC staff. He pointed out that this project had happened because he could return to his hometown (Allen Park). He wants to help diversify the economy of Allen Park and Michigan by creating a retrained workforce primarily from existing unemployed union members. The new venture will be a self-sustained community of television, film and new media production facilities, complete full-service pre and post production equipment, shops and a media trade school addressing all aspects of media creation.

Greg West, MEDC Project Specialist, provided additional information on the project.

Unity Studios currently has 0 employees in Michigan. The Unity Studios project includes the creation of a new film, television and media production studio in Allen Park, Wayne County. At

full operation, the studio, adjoining businesses and subsequent film and television productions will employ up to 3,000 new employees. This project will result in the creation of 83 direct new jobs with an average weekly wage of \$1,069. Total investment over five years will be approximately \$146 million. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent High Technology employment tax credit for 12 years, for up to 83 net new employees over an established employment base of 0, subject to the following: provided that the company creates a minimum of 83 jobs, over the employment base of 0, by the end of the seventh year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-064. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-065: Urban Science Applications, Inc.

Nicole Whitehead, MEDC Business Development Analyst, introduced the guest presenters who provided background information on the company and this project: Sandy Kuohn, VP Human Resources, Urban Science Applications; Kenyetta Hairston Bridges, Business Retention Manager, DEGC.

Ms. Whitehead thanked the MEDC staff and said Urban Science Applications was founded and is currently headquartered in Detroit, Michigan. Ms. Whitehead referred to the 190 Michigan Urban Science Application employees as engineers and mathematicians, who are all scientists at heart. Urban Science Applications uses its state-of-the-art business analysis process and its proprietary software to optimize their clients' retail networks, retail outlets, and marketing ability. They serve a wide range of industries including automotive, retail, financial services, and information technology.

Josh Hundt provided additional information on the project.

The proposed project will be the relocation of the company's headquarters to Detroit. Urban Science Applications will invest approximately \$29.2 million and create 69 jobs over the next five years paying an average weekly wage of \$1,275 as a result of this project. The company will also offer healthcare benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent high-technology employment tax credit for 10 years for up to 69 net new employees in excess of the company's established employment base of 190.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Schragger made a motion for approval of Resolution 2009-065. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

STANDARD MEGA CREDITS

Resolution 2009-066: Continental Dairy Products, Inc.

Bill Kratz, MEDC Business Development Manager, introduced guest presenters who provided background information on the company and this project: Steve Cooper, General Manager, Continental Dairy; Cindy Wallace, Continental Dairy; Ken Rizzio, Ottawa County Economic Development.

Mr. Cooper thanked the MEDC staff for all of their help with this project. He proceeded to give a background of Continental Dairy Products which is a Cooperative founded in 1998. The

company has 28 dairy farms in the upper Midwest, each with an average of 3,000 cows. The Cooperative produces 1.8 billion pounds of high quality grade A milk per year. The company's a customer base includes Kroger Grocery Stores and Dean Foods.

Josh Hundt provided additional information on the project.

The proposed project for the company will be a new production facility in the City of Coopersville in Ottawa County that will process high-quality, high-volume, fresh, grade A milk into powdered milk. Continental Dairy will invest approximately \$103.2 million and create 70 jobs over the next five years paying an average weekly wage of \$863 as a result of this project. The company will also offer healthcare benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends a 100 percent standard employment tax credit for 10 years for up to 70 net new jobs in excess of the company's established employment base of 0.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kapp made a motion for approval of Resolution 2009-066. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-067: Lenawee Stamping Corporation

Ed Reed, MEDC Business Development Manager, introduced guest presenters who provided background information on the company and this project: Roydon (Roy) Strom, Controller, Lenawee Stamping; Harvey Schmidt, Mayor, City of Tecumseh; Paula Holtz, Economic Development Director, City of Tecumseh

Mr. Strom thanked the MEDC and staff. He provided a short history of Lenawee Stamping Corporation (LSC). LSC was incorporated 1987 in Michigan. LSC produces metal stamping and welded fabrications for automobile bodies and substructures.

Greg West provided additional information on the project.

The project under consideration would transfer existing Ford business currently located in Canada to LSC in the City of Tecumseh creating a need for equipment and a third labor shift. Total investment for LSC over five years will be approximately \$6.625 million. This project will create 81 new jobs with an average weekly wage of \$544. The company will also offer health care benefits and pay a portion of the benefit costs.

Recommendation: MEDC staff recommends an 80 percent employment tax credit for seven years, for up to 81 net new employees over the established employment base of 276.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-067. Mr. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

BROWNFIELD MBT CREDITS

Resolution 2009-068: Meridian Building Company, LLC

Joe Agostinelli, MEDC Community Assistance Specialist, introduced guest presenters who provided background information on the company and this project: Robert Tol, Meridian Building Company; John V. Byl, Warner Norcross & Judd LLP.

Mr. Byl thanked the MEDC and the Board. He spoke about the construction of a new building located at 20 East Fulton in the City of Grand Rapids in Kent County. He said the site is currently being used as a surface parking lot, but will be replaced with a ten story building

containing a total of 115,000 square feet of mixed residential and retail uses. The first floor will contain approximately 10,000 square feet of retail space, with the balance of the upper floors being dedicated to the parking deck and approximately 105 market rate apartments. The building is expected to meet basic LEED certification guidelines.

Katherine Czarnecki, MEDC Community Assistance Manager, provided additional information on the project.

The project is expected to create a total of 15 new jobs, paying an average hourly wage of \$8 to \$15 per hour. The total capital investment is anticipated to be \$26 million, while the total eligible investment is anticipated to be \$23.4 million.

Recommendation: MEDC staff recommends the designation of an Urban Development Area Project (UDAP) and approval of a 20% MBT Brownfield Credit, not to exceed \$4,680,000.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-068. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

Resolution 2009-069: Riverfront Student Housing, LLC

Kent Kukuk, MEDC Community Assistance Specialist, introduced guest presenters who provided background information on the company and this project: Ridgway White, Project Manager, Riverfront Student Housing; Mike Brown, Mayor, City of Flint

Mr. White thanked the MEDC staff. He spoke about the new development taking place in downtown Flint. He described the Riverfront Student Housing project as the third of three major redevelopment projects: 1) Auto World (redeveloped); 2) The Pavilion (redeveloped); 3) Hyatt (current proposal). Mr. White explained the project as the conversion of the former Hyatt Regency Hotel, located at One West Riverfront Center in downtown Flint, into a 550-bed living/learning residence center with newly created retail, commercial, convention and public space. This new project represents an opportunity to place the facility into active use once again and generate activity for downtown Flint along with assisting U-M Flint, Kettering University and Mott Community College to offer quality housing for its students. The project will be completed in three phases with all three scheduled to be completed by fall 2012.

Katherine Czarnecki provided additional information on the project.

Up to 50 permanent full-time jobs will be added as a result of the completed project with the total capital investment anticipated at \$30 million and the total eligible investment anticipated at \$18.5 million.

Recommendation: MEDC staff recommends the designation of an Urban Development Area Project (UDAP) and approval of a 20% MBT Brownfield Credit, not to exceed \$3,700,000.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kapp made a motion for approval of Resolution 2009-068. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

BROWNFIELD MBT CREDIT AND WORK PLAN APPROVALS

Resolutions 2009-070 & 2009-071: City of St. Joseph – 508 Pleasant Street, LLC

Joe Agostinelli introduced guest presenters who provided background information on the company and this project: Anthony Monte, Managing Member, 508 Pleasant Street, LLC; John Hodgson, Assistant City Manager, City of St. Joseph; John V. Byl, Warner Norcross & Judd LLP

Mr. Byl spoke about the project which involves the demolition of an existing functionally obsolete 4 story building located at 508 Pleasant Street in downtown St. Joseph. The new development will consist of a seven story mixed-use retail and residential condominium building which will include approximately 10,000 square feet of retail/commercial space on the first floor and approximately 30 to 35 residential condominium units on the upper six floors. Below grade parking for residents, tenants and guests will also be provided. The condominiums will be priced at around \$600,000 per unit. The new building is expected to be LEED certified. Mr. Hodgson said the City of St. Joseph full supports the project and he personally is pleased to bring strength to downtown.

Katherine Czarnecki provided additional information on the project.

It is anticipated that the project will generate up to 30 jobs at an approximate average hourly wage of \$8 to \$25 per hour. The total capital investment is expected to be approximately \$21 million.

Recommendation: MEDC staff recommends approval of local and school tax capture for the eligible activities totaling \$298,500, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$144,813. Staff also recommends approval of a 12.5% MBT Brownfield Credit, not to exceed \$2,187,500.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit and Work Plan Approvals request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2009-070. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-071. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent.

BROWNFIELD MBT AMENDMENT

Resolution 2009-072: Woodward Station Lofts, LLC

Peter Anastor, MEDC Community and Urban Development Manager presented background information on this project. John Byl, Attorney, Warner Norcross & Judd LLP, was present.

Mr. Anastor spoke about the MEGA Board approving a large Brownfield Redevelopment SBT credit for Woodward Station Lofts, LLC in the amount of \$1.1 million in October 2006. In November 2007 the MEGA Board approved an amendment request for three changes: 1) Added Woodward Lofts, LLC as a qualified taxpayer; 2) Changed the scope of the project to increase the retail/commercial space to 100,000 square feet and decrease the number of residential condos to 61 units; and 3) Made the project two phases.

The developer's present request is to amend the project again into a single phase project that consists of Area A which includes the Eastern half of the Woodward furniture manufacturing building and the entire Casket building. Area A has been completed and was issued a Component Certificate of Completion in March 2008. The developer has also submitted a separate small MBT credit application for Area B, which includes the Western half of the Furniture building.

Recommendation: MEDC staff recommends the approval of the amendment to change the scope of the project into a single phase project with \$11 million in Eligible Investment and a maximum credit of \$850,000.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Amendment request and recommends

approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Schragger made a motion for approval of Resolution 2009-072. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

MEGA RETENTION AND BATTERY PACK AMENDMENT

Resolutions 2009-073 & 2009-074: GM Subsystems Manufacturing, LLC

Peter Anastor presented background information on this project.

Mr. Anastor spoke about how General Motors was awarded two MEGA credits on February 17, 2009 for their Brownstown Project. The Brownstown Project consists of a Retention Credit and a Pack Manufacturing Credit for the manufacturing of plug-in traction battery packs. At the time of the application, the LLC had not been established. The EIN and company name will change but the scope of the project remains the same.

Recommendation: MEDC staff recommends that the Retention Credit and the Pack Manufacturing Credit transfer to the new entity, GM Subsystems Manufacturing LLC and that all other aspects of the resolution remain in effect.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA Retention and Battery Pack Amendment request and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-073. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent
Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kapp made a motion for approval of Resolution 2009-074. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

MISCELLANEOUS

Resolution 2009-075: Signature Authority

Peter Anastor presented background information on this project.

Mr. Anastor spoke and summarized the agenda item. By resolution 2007-88, the MEGA Board has given the authority to the MEGA Board Secretary (Peter Anastor) to approve and sign documents necessary to effectively administer the MEGA programs consistent with the act and Board resolutions. In the past, having one person with the ability to sign MEGA documents was enough to accommodate Michigan companies receiving MEGA awards. However, the administrators of MEGA believe it would be in the best interest of the Board and Michigan companies receiving MEGA and MBT tax credits to appoint another person with the ability to sign MEGA documents in the case of Peter's absence.

Recommendation: MEDC staff recommends Karla Campbell, as she administers the MEGA program and also reports to the MEGA Board Secretary.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Signature Authority request and recommends approval. Mr. Main thanked everyone for their hard work and asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2009-073. Mr. Kapp seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 2 absent

ADJOURNMENT: The meeting was adjourned by Greg Main at 11:55 a.m.