

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 May 16, 2006, at 10:00 a.m.

Members Present

Deb Dansby (acting for and on behalf of Jim Epolito, authorization attached)
Cullen DuBose
Bo Garcia
Sande-Bain MacLeod
Scott Schrager (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
Peter Anastor, MEDC\
Dawn Baetsen, Crowe Chizek and Company LLC
Amy Banninga, MEDC
Jared Belka, MEDC
Tiffany Bloom, MEDC
Toni Brownfield, MEDC
Bruce Brownlee, Toyota Motor N.A.
Greg Burkart, Squire, Sanders & Dempsey
Wendy Chesser, Cornerstone Alliance
Lisa Dancsok, MEDC
Jim Donaldson, MEDC
Jessica Eisenmann, Washtenaw BRA
Carol Knobloch Johns, MEDC
Bill Lichwalla, Plante Moran
Mark Morante, MEDC
Susan Novakoski, MEDC
Nate Pilon, MEDC
Matthew Rick, Attorney General's Office
Tim Robinson, Washtenaw Development Council
Keith Rochon, Comau Pico
Mike Shore, MEDC
Catherine Waltz, Toyota Motor N.A.
James Wiseman, Toyota Motor N.A.

Call to Order

Robert Swanson called the meeting to order at 10:15 a.m.

Approval of Minutes from April 18, 2006

After review, a motion was made, supported and carried that board meeting minutes from the April 18, 2006 meeting be adopted

Public Comment

There was no public comment.

ACTION ITEM

*Comau Pico, Inc.
21000 Telegraph Road
Southfield, Michigan 48034*

Jim Donaldson introduced Keith Rochon from the company, and Greg Burkart, an attorney for the company. Comau Pico was founded in 1939 as Progressive Industries Company ("PICO") in Detroit and relocated to Southfield in 1965. In 1999, Comau, a wholly-owned subsidiary of Fiat S.p.A. acquired PICO and renamed the company "Comau Pico". Comau Pico, Inc. is the innovative leader in industrial automation and assembly systems serving customers in the automotive, defense, aerospace, heavy truck, agricultural and construction industries. The company currently has 18 facilities in Michigan which employ nearly 1,900 associates. Mr. Rochon described the project.

Comau Pico is considering consolidation of 13 of its locations across Metro Detroit as part of Comau Pico's commitment to continuous improvement. In order to accommodate the consolidation, the company is working with a developer who would construct four new buildings totaling up to 1.4 million square feet on 77 acres in Plymouth Township. Comau Pico will enter into a long-term lease for the buildings, creating a campus setting that will include office, manufacturing and integration space. The project will lead to the creation of 120 new jobs and the retention of approximately 1,360 jobs. The new jobs would pay an average weekly wage of \$960 and mainly focus on Comau Pico's aerospace and defense business.

The project would require an investment of \$90.4 million, including \$70.1 million for land and building costs, \$10.8 million for infrastructure and leasehold improvements, and \$9.5 million for new machinery and office equipment.

It is estimated that this facility will create a total of 197 jobs in the state by the year 2022. We also estimate that the project would increase total state government revenues through the year 2022, of \$11.8 million due to the location of this facility.

In addition to Plymouth Township, Comau Pico is also considering a site near Birmingham, Alabama for this project. A location in Northern Alabama would place the company in the center of the southeastern U.S., where Asian and European auto manufacturers have located nine assembly facilities. In addition, the company

estimates that it could save approximately \$3 million per year in operating expenses due to lower wages, utilities and property taxes.

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$2.5 million.

On March 14, 2006, Plymouth Township approved a 12-year PA 198 property tax abatement for all new real and personal property related to this project. The estimated value of the PA 198 abatement is \$8.6 million.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent personal employment credit for 15 years, for up to 120 net new jobs, and a 100 percent business activity credit for 15 years.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommended approval of the requested MEGA tax credits.

Hearing no further discussion, a motion was made and supported and Resolution 2006-25, authorizing standard MEGA tax credits for Comau Pico, Inc., was adopted

ACTION ITEM

*Whirlpool Technologies, LLC
2000 Highway M-63
Benton Harbor, Michigan 49022*

Wendy Chesser from Cornerstone Alliance and Dawn Baetsen from Crowe Chizek and Company, were introduced to the board. Ms. Chesser and Ms. Baetsen represented the company and explained the expansion project. On March 31, 2006, Whirlpool Corporation completed the acquisition of Maytag Corporation. Whirlpool Technologies, LLC, is a wholly-owned subsidiary of Whirlpool Corporation, which is a global manufacturer of major home appliances with 2005 revenues of \$14.3 billion and net earnings of \$422 million. The company manufactures in 12 countries under nine principal brand names and markets products to distributors and retailers in more than 170 countries. As of December 31, 2005, the company had approximately 66,000 employees of which 3,018 are employed in Michigan.

Due to redundant corporate job functions, Whirlpool is in the process of analyzing operational cost efficiencies. The company is considering various strategies for eliminating duplicate functions, centralizing key divisions, and possible regional placement of engineering, design, and research and development. Logistics operations are also under consideration for consolidation and regional options. Whirlpool is also in

the process of considering the transfer of Michigan technology and R&D positions to other locations.

Michigan is one of many states and countries competing for the location of managerial, professional, R&D, logistics, and technology functions. As a result of the Maytag acquisition, Whirlpool Technologies, LLC, is considering the relocation and creation of up to 400 positions including design, engineering, research and development, operations, customer assistance, service, and administrative staff to existing Whirlpool facilities in Berrien County, Michigan or other states. As Whirlpool continues to evaluate future consolidation options, another phase of up to 150 positions could be considered for location in Michigan. Phase I and Phase II positions will pay an average weekly wage of \$856.

Should the jobs relocate to Michigan, Whirlpool would invest a minimum of \$5 million--\$2 million in personal property and \$3 million in real property upgrades to existing facilities.

It is estimated that this facility will generate a total of 833 jobs in the state by the year 2019. Total state government revenues through the year 2019, would be increased by \$35.7 million due to the presence of this facility.

Other states and international locations under consideration include Iowa, Indiana, Arkansas, Ohio, Tennessee, Illinois, New Mexico, Arizona, Washington, Asia and Mexico. The State of Ohio is being considered for this project and has offered a \$29.2 million incentive package. Whirlpool currently employs over 8,600 in Ohio manufacturing facilities.

Cornerstone Alliance, a regional economic development organization for the cities of Benton Harbor and St. Joseph, the charter townships of Benton, St. Joseph, Lincoln and Royalton, has committed additional financial and staff resources to their First Choice Program dedicated to the Whirlpool/Maytag consolidation. The First Choice Program is a regional recruitment effort that provides tours and information about the area, including neighborhoods, schools, and areas of special interest for potential job candidates. The estimated value to the company is \$77,000. In addition, Cornerstone Alliance has paid Whirlpool Technologies, LLC's, application fee of \$5,000.

Recommendation

The Michigan Economic Development Corporation recognizes that Whirlpool Corporation will make multiple consolidation decisions as a result of this merger. We recommend that this Whirlpool Technologies, LLC, project be treated as a two-phase project, and recommend credit awards as follows:

A 100 percent standard employment tax credit for 13 years, for up to 400 net new employees.

For phase 2, beginning no later than December 31, 2009, a 100 percent standard employment tax credit for 13 years for up to 150 new employees in addition to the initial 400.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested MEGA tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2006-26, authorizing a standard MEGA tax credit for Whirlpool Technologies, LLC, was adopted.

ACTION ITEM

Toyota Motor North America, Inc.
9 West 57th Street, Suite 4900
New York, New York 10019

Toyota Motor Engineering and Manufacturing North America, Inc.
25 Atlantic Avenue
Erlanger, Kentucky 41018

Toyota plans to develop a world-class research and development facility to house expanded technical center operations. This facility will provide greater engineering capacity to meet the increasing needs of North American consumers. Jim Donaldson introduced Bruce Brownlee from Toyota, along with Tim Robinson and Jessica Eisenmann with the Washtenaw Development Council. Mr. Brownlee explained that the company proposes to re-develop a parcel of property which formerly housed the Ypsilanti Psychiatric Hospital, located in York Township, Washtenaw County. This project will redevelop a brownfield site, resulting in the remediation of an environmentally contaminated facility.

Brownfield SBT Credits are based on several criteria outlined in the statute. These criteria have been met.

At least 400 jobs with an average annual wage of \$81,000 will be created.

Toyota has considered sites in several other Midwestern and southern states. Analysis of these sites shows that the cost of operations is approximately \$7 million higher per year in Michigan.

The project makes use of surplus property formerly owned by the State and will ensure that the technical activities of Toyota continue to take place in Michigan, maintaining our position as the auto capital of the world.

This project was awarded a MEGA credit in April, 2005, to address competitive issues and incent the creation of up to 400 new full-time associates. DEQ has also approved a Brownfield Work Plan to assist with site remediation.

York Township has approved 50 percent abatement of the company's new real and new personal property taxes for 12 years. The State of Michigan has also offered 100 percent abatement of the six-mill State Education Tax for the same terms as the local property tax abatement.

The eligible investment to be undertaken by Toyota includes:

Demolition	\$ 5,000,000
Site Improvements	10,000,000
New Construction	78,200,000
Addition of Machinery & Equipment	<u>9,000,000</u>
	\$102,200,000

The eligible property is a facility and is the subject of a brownfield plan, duly approved by the Washtenaw County Board of Commissioners with the concurrence of the Board of Trustees of the Charter Township of York. The Township is not a qualified local governmental unit. Three projects located in communities that are not qualified local governmental units may be approved by MEGA in a calendar year.

Recommendation

The MEDC recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 4.9% of the eligible investment not to exceed a \$5,000,000 credit.

Board Discussion

Bo Garcia gave the report on behalf of the Executive Committee. The committee has recommended support of the company's request for a MEGA Brownfield SBT tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2006-27, authorizing a MEGA Brownfield redevelopment tax credit for Toyota Motor Engineering and Manufacturing North America, Inc., was adopted.

ACTION ITEM

*DaimlerChrysler Services North America, LLC
1000 Chrysler Drive
CIMS 485-12-30
Auburn Hills, Michigan 48326-2766*

In December of 1999, the MEGA authorized an Employment Credit to Chrysler Financial Company, LLC for consolidation of the headquarters operations of Chrysler

Financial with Mercedes-Benz Credit Corporation. In September of 2001, the credit was amended by Resolution 2001-044 to allow the project to be located in an existing building in Farmington Hills rather than a newly constructed building in Auburn Hills.

Chrysler Financial and Mercedes-Benz Credit were merged into a new entity, DaimlerChrysler Services North America, LLC, on November 30, 2001, and the MEGA credit was subsequently transferred by Resolution 2002-14 to the new entity.

On March 18, 2005, another new entity, DaimlerChrysler Financial Services Americas, LLC (DCFS LLC) was established. DaimlerChrysler Services North America, LLC was merged into that new entity on December 31, 2005. DCFS LLC will perform the same activities as its predecessor and original credit recipient, DaimlerChrysler Services North America LLC, just under a new name.

Recommendation

Staff is recommending that the DaimlerChrysler Services North America LLC credit be transferred to DaimlerChrysler Financial Services Americas, LLC, effective January 1, 2006. No adjustment of the jobs base is required because DaimlerChrysler Services Americas, LLC did not have any Michigan employees at the time of the merger.

Board Discussion

Bo Garcia gave the report on behalf of the Executive Committee. The committee has recommended support of the company's request for amendment.

Hearing no further discussion, a motion was made and supported and Resolution 2006-28, authorizing an amendment to transfer the MEGA tax credit to DaimlerChrysler Services Americas, LLC, was adopted.

ACTION ITEM

*Toyota Motor North America, Inc. (f/k/a Toyota Technical Center USA)
1555 Woodbridge Avenue
Ann Arbor, Michigan 48105*

In April of 2005, the MEGA authorized Business Activity and Employment Tax credits to Toyota Technical Center USA for the construction and equipping of a research and development facility in York Township. The company subsequently changed its name to Toyota Motor North America, Inc. while retaining the original Employer Identification Number.

On April 1, 2006, Toyota Motor North America, Inc. was merged into Toyota Motor Engineering and Manufacturing North America, Inc. with Employment Identification Number 61-1310582. That entity had seven jobs at the time of the merger and those

seven will now be included in the base employment level of the tax credit recipient, bringing the new base employment level to 510.

Recommendation

Staff is recommending that the Toyota Technical Center USA credit be transferred to Toyota Motor Engineering and Manufacturing North America, Inc. effective April 1, 2006, and that the base employment level be adjusted upward to include the seven employees of the entity receiving the tax credit.

Board Discussion

Bo Garcia gave the report on behalf of the Executive Committee. The Executive Committee has recommended support of the requested tax credit transfer.

Hearing no further discussion, a motion was made and supported and Resolution 2006-29, authorizing an amendment to transfer the MEGA tax credit to Toyota Motor Engineering and Manufacturing North America, Inc., was adopted.

ACTION ITEM

"Mini" Brownfield Application Parts I and II

Public Act 112 of 2006 created a new type of Brownfield SBT credit for projects that are requesting tax credits of \$200,000 or less. These tax credits are being called "mini" brownfields. Peter Anastor explained Public Act 112 of 2006 (the Act). The Act also requires the MEGA board to develop and implement the use of an application form and to adopt that form by resolution prior to the initial utilization of the application form. The legislation also mandates that further changes to the form would require review and adoption of a new resolution by the MEGA board.

The Act further stipulates that any changes to the application form would also require notice of the Secretary of the Senate and the Clerk of the House of Representatives, as well as any person who requested to be notified of such changes to the application form. In addition, any further changes would require the MEGA to hold a public hearing in order to offer an opportunity for people to view, present data, and pose questions and arguments on the proposed changes to the form.

The application forms developed for the "mini" brownfield program include the Brownfield Redevelopment SBT Credit Application – Part I and – Part II, for projects that are requesting SBT credits of \$200,000 or less. Public Act 111 of 2006 allocates an amount not to exceed \$10 million for these "mini" brownfield credits.

Recommendation

The Michigan Economic Development Corporation recommends the adoption of a resolution to approve the Brownfield Redevelopment SBT Credit Application – Parts I and II for projects that are requesting SBT tax credits of \$200,000 or less.

Hearing no further discussion, a motion was made and supported and Resolution 2006-30, authorizing the use of application forms (Part I and Part II) for the “mini” Brownfield Redevelopment SBT credit program, was adopted.

The meeting was adjourned at 10:35 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, June 13, 2006.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

500 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

May 4, 2006

EXECUTIVE COMMITTEE

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General Motors

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MARTIN TAYLOR
Detroit Renaissance

RY TOBROW
Sterling Group

TER S. WALTERS
Industries Corp.

Mr. James Paquet
Secretary
Michigan Economic Growth
Authority Board
300 North Washington Square
Lansing, Michigan 48913

Dear Mr. Paquet:

I hereby designate, Debra Dansby, Senior Vice President & Chief Administrative Officer of Michigan Economic Development Corporation, to represent me and vote at the Tuesday, May 16, 2006 Michigan Economic Growth Authority Board meeting.

If you have any questions, please feel free to contact me at 517-241-1400.

Sincerely,


James C. Epolito
President & CEO

sb



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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 Schragger, 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 Schragger



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

ANIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

March 10, 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, Acting 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, Acting 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