

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
January 17, 2012

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority [MEGA] board was held on Tuesday, January 17, 2012, at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 N. Washington Square, Lansing, Michigan 48913.

MEMBERS PRESENT: Cullen DuBose, Michael Finney, Tim Herman, Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached]

MEMBERS ABSENT: Bill Martin, John Nixon

CALL TO ORDER: Mr. Finney called the meeting to order at 10:00 a.m.

APPROVAL OF THE MINUTES: Mr. Finney asked for a motion to approve the December 13, 2011 meeting minutes. Mr. Lockwood made a motion for approval of the minutes. Mr. Herman seconded the motion. The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PUBLIC COMMENT: Mr. Finney asked if there was any public comment. There was none.

COMMUNICATION: Ellen Graham, MEDC staff, advised additional MEGA meetings had been scheduled for Tuesday, March 20, 2012 and April 17, 2012. Mr. Finney asked for a motion to approve the additional 2012 MEGA meeting dates. Mr. Lockwood motioned approval for the additional 2012 MEGA meeting dates. Mr. DuBose seconded the motion. The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

EXECUTIVE COMMITTEE REPORT: Mr. Finney asked Ms. Campbell if the Executive committee had reviewed the projects on the agenda. Ms. Campbell replied affirmatively that the Executive Committee recommended the approval of the agenda items being presented to the Board.

Proposed Act 381 Work Plan

Resolution 2012-171 – Cherry Republic Center Project

Dan Wells, Program Specialist – Brownfields, provided background information on this action item and introduced guests: Representative Wayne Schmidt, House District 104 – Traverse City; Thom Darga, Developer; Mac McClelland, Consultant, Otwell Mawby; Jeff Vinton, Grand Traverse County Planning and Development Office.

Mr. Finney recognized Representative Wayne Schmidt, House District 104 attending on behalf Traverse City community. Mr. Darga continued with a description of the project. The project is located in downtown Traverse City. The developer will demolish existing buildings and construct a new five story, 40,000 square foot mixed-used building that includes administrative offices, a primary retail outlet for Cherry Republic products, and a food production facility. Mr. McClelland thanked MEDC staff and the Board for their support of this project. Mr. Wells concluded the redevelopment is anticipated to retain 40 jobs and create 30 additional long-term positions. The total capital investment is approximately \$13 million, with approximately \$10 million in eligible investment.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-172. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Proposed High-Tech MEGA Amendments

Resolution 2012-172 – Dynamic Captioning, LLC

LeTasha Peebles, Program Specialist, provided background information on this action item.

Ms. Peebles advised the Board of approval of a High-Tech MEGA on October 26, 2010. The Company had anticipated a move to the City of Grand Rapids, but due to moving and new space expenses, they could not fit the costs into their business plan. The Company intends to expand their current facility located in Cascade Township and has received a letter of support from the Township. A letter from the City of Grand Rapids stating they have no objections to the Company remaining in Cascade Township has also been received.

Recommendation: Staff recommends the amending the Resolution 2010-165 to change the project description from the City of Grand Rapids, Kent County to Cascade Township, Kent County. All other terms and conditions of the credit remain unchanged.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-172. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-173 – PCB Load & Torque, Inc.

LeTasha Peebles, Program Specialist, provided background information on this action item.

In June 2009, the MEGA Board approved a seven year High-Tech MEGA to PCB Load & Torque, Inc. to complete the asset purchase of RS Technologies and create jobs in Farmington Hills, Oakland County. PCB Load & Torque, Inc. has a sales office located in Novi, Michigan. The six Base Employees were located at their Novi sales office. As a result of the Project, they have hired five full-time employees at their Novi facility who perform duties that are 100% connected to the activities carried out in Farmington Hills.

Recommendation: Staff recommends the High-Tech MEGA tax credit awarded to PCB Load & Torque, Inc. be amended to include the additional sales office in Novi, Oakland County, under the same EIN and add the following contingency language: “The Company certifies on each Annual Certificate Application that any Novi sales office employees included as a Qualified New Job be 100% connected to the activities carried out at the Farmington Hills location.” All other terms and conditions of the credit remain unchanged.

Board Discussion: Mr. Finney requested clarification regarding the Qualified New Jobs for the Novi employees. Ms. Campbell replied that the Company did not understand the sales staff at the Novi location could be counted. Mr. Finney asked if there were any additional questions. There being none, **Mr. Jackson motioned approval for Resolution 2012-173. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Proposed Large Brownfield MBT Credit Amendment

Resolution 2012-174 – Grand Rapids Urban Market Holdings, LLC – Urban Market Project

Dan Wells, Program Specialist – Brownfields, provided background information on this action item.

Mr. Wells explained to the Board the applicant will demolish a series of vacant warehouse buildings and construct a new urban market. Prior project plans called for the renovation of the buildings, but the costs was determined to be prohibitive. Demolition rather than renovation will lower the project costs.

Recommendation: Staff recommends the approval of the proposed amendment to the 20% Brownfield MBT Credit, with a reduction in eligible investment from \$27,000,000 to \$26,000,000, and a credit not to

exceed \$5,200,000, as well as the project scope changing from the renovation of the existing building to the demolition of the existing building.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-174. Mr. DuBose seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

The meeting adjourned at 10:15 a.m.