

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD MEETING
June 27, 2012

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority [MEGA] was held on Wednesday, June 27, 2012 at the Lansing Center, 333 E. Michigan Avenue, Room 201, Lansing, Michigan 48933.

MEMBERS PRESENT: Cullen Dubose, Ruth Duquette [acting for and on behalf of John Nixon, designation attached], Tim Herman, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Mark Morante [acting for and on behalf of Michael Finney, designation attached]

MEMBERS ABSENT: None

CALL TO ORDER: The meeting was called to order at 11:30 a.m.

APPROVAL OF THE MINUTES: Mr. Morante asked for a motion to approve the May 23, 2012 meeting minutes. **Mr. Herman motioned approval for the May 23, 2012 MEGA Proposed Meeting Minutes. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

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

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

PROPOSED MEGA HIGH-TECH CREDIT & DEFENSE CREDIT AMENDMENT

Resolution 2012-27 – and 2012-28 – Toda America, Inc.

Shane Schamper, MEGA Program Analyst, provided background information on this action item.

The MEGA Board awarded a 100% MBT Defense Credit for four years to Toda America, Inc. on March 16, 2010. In addition, Toda America, Inc. was awarded a 100% High-Tech MEGA Credit for 12 years on November 17, 2009. Toda America, Inc. is requesting to delay the first tax year they may collect their MBT Defense Credit from 2010 to 2011. The Company is also requesting ITOCHU Corporation, a Japanese Corporation, be added as an Associated Business of Toda America Inc. in order to include one full time employee paid by ITOCHU Corporation as a qualified new employee, as this employee works in Michigan solely for Toda America Inc.

Recommendation: Staff recommends the MBT Defense Credit be amended to change the start year of the MBT Defense Credit from 2010 to 2011 and include ITOCHU Corporation to the Agreement as an Associated Business for Base and Qualified New Job purposes. All other aspects of the original MBT Defense Credit remain in effect. Staff further recommends the High-Tech MEGA Credit be amended to include ITOCHU Corporation to the Agreement as an Associated Business Base and Qualified New Job purposes. All other aspects of the original High Tech MEGA Credit Remain in effect.

Board Discussion: Mr. Morante asked if there were any questions from the Board regarding the MBT Defense Credit. There being none, **Ms. Duquette motioned approval for Resolution 2012-27. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

Mr. Morante asked if there were any questions from the Board regarding the High-Tech Credit. There being none, **Mr. Herman motioned approval for Resolution 2012-28. Ms. Duquette seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

PROPOSED ACT 381 WORK PLAN APPROVALS

Resolution 2012-29 – GR Lofts, LLC – Lexington School Workforce Housing Project

Dan Wells, Program Specialist – Brownfield, provided background information on this action and introduced guest: Kara Wood, City of Grand Rapids Economic Development

Mr. Wells explained the project will redevelop a vacant, four-story former school building and surrounding property on approximately 1.61 acres. The property was previously used as a public school. Eligible activities related to the building renovation include selective interior and exterior demolition; lead and asbestos abatement; site preparation grading activities related to parking lot construction; and infrastructure improvements within the public right-of-way related to water main upgrades, curb reconstruction and landscaping. Eligible activity costs related to the public park portion of the project include site demolition of existing play structures, concrete and former play areas; lead abatement of former play structures.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities. In order for the school tax capture to occur on this project, the applicant shall gift the public park portion of the property to the City of Grand Rapids on or before August 31, 2012.

Board Discussion: Mr. Morante asked if there were any questions from the Board. Mr. Herman inquired if the property was school related rather than public property. Ms. Wood replied affirmatively. There being no further questions, **Mr. Dubose motioned approval for Resolution 2012-29. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

Resolution 2012-30 – GR Lofts, LLC – Eastern School Workforce Housing Project

Mr. Wells provided background information on this project and introduced guest, Kara Wood.

This project will redevelop a vacant, four-story former school building and surrounding property approximately 3.94 acres in size located at 758 Eastern Avenue, NE in Grand Rapids. The property has been used as a public school since the early 1900s and the project will result in the complete renovation and adaptive reuse of the building into approximately 43 rental apartments. Eligible activities related to the building renovation include selective interior and exterior demolition; lead and asbestos abatement; site preparation grading activities related to unstable fill removal and parking lot construction; and infrastructure improvements within the public right-of-way related to water main upgrades, curb cut reconstruction, landscaping and traffic calming bump-outs. Eligible activity costs related to the public park portion of the project include site demolition of existing play structures, concrete and former play areas; lead abatement of former play structures if required; site preparation related to removal of urban fill, replacement of soils and grading; and infrastructure improvements including landscaping, play area construction, lighting, decorative fencing and concrete work.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities. In order for school tax capture to occur on this project, the applicant shall gift the public park portion of the property to the City of Grand Rapids on or before August 31, 2012.

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Ms. Duquette motioned approval for Resolution 2012-30. Mr. Dubose seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

Resolution 2012-31 – Michigan Works Redevelopment Project

Mary Kramer, Program Specialist, provided background information on this action item and introduced guest, Brett Stuntz, AKT Peerless

Ms. Kramer explained the project will demolish vacant buildings and redevelop an entire city block into a new one-story, 20,000 square foot facility to house the Michigan Works Job Force Development Service Center in downtown Saginaw. The property has a 60,680 square foot, two-story functionally obsolete building located on it that is actually connected with several structures. Eligible activities include demolition of the functionally obsolete properties currently on the site, site preparation as well as lead and asbestos abatement. The project includes building new infrastructure and approximately 192 parking spaces on site.

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

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-31. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

PROPOSED HIGH-TECH MEGA AMENDMENT

Resolution 2012-32 – ALTe, LLC

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

Ms. Peebles advised the Board, ALTe, LLC is an automotive supplier engaged in the engineering, assembly, and integration of complete series plug in hybrid electric vehicle powertrain and pure battery electric vehicle powertrain systems. Currently, the Company states they are evolving their battery supply sourcing and manufacturing strategy to include a battery assembly operation where they will complete the final assembly of battery packs using battery modules supplied by local battery cell manufacturing companies. The battery operation will supply the finished battery pack to the ALTe installation centers serving customers nationwide and potentially some export sales. The Company would like to open an assembly factory that would manufacture and install electric powertrains in existing and new fleet and niche vehicles.

Recommendation: Staff recommends amending the agreement to allow for an increase of 95 jobs above the 305 maximum credit allowed. All other terms and conditions of the original MEGA remain intact.

Board Discussion: Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-32. Mr. Dubose seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 0 absent.

Karla Campbell, MEGA Secretary, distributed a copy of Executive Order 2012-9, signed by Governor Snyder June 26, 2012. Ms. Campbell explained that the Order will dissolve both the MEGA and Michigan Next Energy Authority; transferring these duties to the Michigan Strategic Fund. This Order will be effective August 25, 2012. MEGA meetings are planned for July 25, 2012 and August 22, 2012 after which the duties will be the responsibility of the MSF Board. Mr. Morante indicated that two Board members, Bill Martin and Michael Jackson, resigned from the MEGA Board prior to this meeting.

Cullen Dubose, MEGA Board Member, expressed concern to the Board and staff regarding the difficulties of legislating incentives for the urban areas in Michigan. Mr. Dubose is hopeful the State will develop future incentives that will revitalize these areas.

Meeting adjourned at 11:55 a.m.