

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
August 17, 2010

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, August 17, 2010 at the Michigan Economic Development Corporation (MEDC) building, Lake Michigan Room, 300 N. Washington Sq., Lansing, Michigan.

MEMBERS PRESENT: Douglas Buckler; Susan Corbin (acting on behalf of Andrew Levin, authorization attached); Bob Emerson; Mark Haas (acting on behalf of Robert Kleine, authorization attached); Tim Herman; Greg Main (non-voting member)

MEMBERS ABSENT: Cullen DuBose; Baldomero Garcia

CALL TO ORDER: Mr. Haas called the meeting to order at 10:13 a.m.

APPROVAL OF MINUTES: Mr. Haas asked for a motion to approve the July 20, 2010 meeting minutes. **Mr. Buckler motioned approval of the minutes. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent

PUBLIC COMMENT: Governor Jennifer M. Granholm addressed the Board and companies in attendance. Governor Granholm thanked the companies for expanding and growing in Michigan, stating that there would be over 2,000 jobs created or retained from the actions at the Board meeting. Governor Granholm indicated that the investments being talked about represent the continued diversification of Michigan, and that these companies helped to shape new industries in Michigan. Governor Granholm thanked the MEDC for the work that went into attracting these companies to Michigan, and thanked each CEO for bringing their companies to Michigan.

PROPOSED BROWNFIELD WORK PLAN APPROVALS:

Resolutions 2010-113 and 2010-114: Gordon Food Service, Inc. (GFS)

Karen Hinkle, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Randy Plekker, VP, GFS; Curtis Holt, City Manager, City of Wyoming; Susan Jackson, VP Business Development, The Right Place; and John Byl, Warner Norcross & Judd.

Mr. Plekker indicated that this project will be new construction on an abandoned cement plant, and that GFS is a family owned business that cares about its Michigan presence. Mr. Holt indicated that GFS is one of the strongest partners in the City of Wyoming. Mr. Byl indicated that GFS currently has over 4,000 employees in Michigan, and will continue to grow in the State.

Stacy Bowerman, MEDC Project Specialist provided additional information and recommendations.

Ms. Bowerman indicated that the company would invest approximately \$24 million as a result of this project and create 173 new jobs.

Recommendation: MEDC Staff recommends approval of a 12.5% Brownfield MBT Credit, not to exceed \$2,565,625. The MEDC also recommends approval of local and school tax capture for the eligible activities totaling \$1,830,677, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$910,443. The Brownfield staff is anticipating an amendment to the recommended Act 381 Work Plan by the end of this year addressing the costs of Street Improvements necessary for the project. The infrastructure improvements will include those made on public intersections and roadways in the immediate area. We are supportive of the Street Improvements and will be recommending to

the MEGA Board approval for the use of state school tax capture on work and costs not covered under the Michigan Department of Transportation (MDOT)-Transportation Economic Development Fund Grant. The City of Wyoming will be making application for this MDOT Grant and anticipates some level of support from MDOT to cover a portion of the Street Improvements. Staff has met with MDOT and the City of Wyoming and is supportive of the planned Street Improvements.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Approvals and Amendments and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-113. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent. **Ms. Corbin made a motion for approval of Resolution 2010-114. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED HIGH-TECHNOLOGY MEGA CREDITS:

Resolution 2010-115: Covenant Eyes, Inc. (Covenant)

Tom Young, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Scott Hammersley, VP of Technology, Covenant; Benjamin Frederick, Mayor, City of Owosso; Justin Horvath, President & CEO, Shiawassee Economic Development.

Mr. Hammersley indicated that Covenant is a high-tech company with 45 full time employees that is looking to expand in Owosso. Mr. Frederick indicated that Covenant is a great success story for Michigan, and that the City had already approved a tax abatement in support of the project. Mr. Horvath indicated many states had tried to recruit Covenant away, and that this is a huge success story for the Owosso area.

Josh Hundt, MEDC Project Specialist, provided additional information and recommendations.

Mr. Hundt indicated that the company would create 139 jobs with an investment of \$3.76 million as a result of this project.

Recommendation: MEDC Staff recommends a 75 percent high-technology employment tax credit for five years for up to 139 net new employees in excess of the company's established base of 48.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Emerson made a motion for approval of Resolution 2010-115. Mr. Buckler seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-116: KOSTAL Kontakt Systeme, Inc. (KKS)

Martina Schlagwein, MEDC Business Development Manager-Europe, provided background information for the action and introduced guest presenters: Wolfgang Dimmich, President & CEO, KKS; Dr. Walter Maisel, President & CEO, KKS North America; Anna Mueller, Director of Finance and Controlling, KKS North America; Dan Casey, Economic Development Manager, City of Rochester Hills; and Michelle Eaton, Senior Business Development Representative, Oakland County.

Mr. Dimmich indicated that KKS had been founded in 1912 and was now a fourth generation family owned business. Mr. Dimmich indicated that KKS has over 500 employees in Michigan, and wanted to focus on the US market with this investment. Dr. Maisel indicated that KKS will be bringing 200 new employees as a result of this project. Mr. Casey indicated that this building had been vacant for over seven years and that the City is very supportive of the project.

Robert Wilson, MEDC Project Specialist, provided additional information and recommendations.

Mr. Wilson indicated that the company would create 247 jobs with an investment of \$27.1 million as a result of this project.

Recommendation: MEDC Staff recommends a 100 percent high-technology employment tax credit for 7 years for up to 247 net new employees in excess of the company's established base of 0. Qualified new jobs will be created by the applicant company, KOSTAL Kontakt Systeme, Inc., or the associated company KOSTAL Industrial Electronics, Inc. Further, the companies must create and maintain a total of at least 175 qualified new jobs by the end of year 5 to qualify for years 6 and 7 of the credit. Failure to do so will result in the termination of the tax credit at year 5.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-116. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-117: Link Manufacturing, Inc. (LMI)

Aaron Young, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Timothy W. Duncan, VP Test Operations, LMI; James Johnson, VP & CFO, LMI; and Azzam Elder, Wayne County.

Mr. Duncan indicated that LMI is a second generation family company, that does contract testing. Mr. Elder indicated that the community is in full support of this project.

Stacy Bowerman provided additional information and recommendations.

Ms. Bowerman indicated that the company would create 59 jobs and invest \$9.8 million as a result of this project.

Recommendation: MEDC Staff recommends a 100 percent high-technology employment tax credit for seven years for up to 59 net new employees in excess of the company's established base of 202, subject to the following: the company must create and maintain a minimum of 55 employees by the end of the fifth year. Failure to do so will result in the forfeiture of years six and seven.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-117. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-118: Metalsa Structural Products, Inc. (MSP)

Erik Tungate, MEDC National Business Project Manager provided background information for the action and introduced guest presenters: Marcia Gallegos, Account Manager, MSP; and Ara Topouzian, Economic Development Director, City of Novi.

Ms. Gallegos indicated that Michigan beat out Wisconsin and Pennsylvania for this project, and that MSP is a global supplier of structural components in the light and commercial vehicle market. Ms. Gallegos indicated that MSP is expanding their research and development operations and moving many employees from Pennsylvania to Michigan. Mr. Topouzian indicated that the community is very happy to have MSP expanding in Novi.

Phil Santer, MEDC Project Specialist provided additional information and recommendations.

Mr. Santer indicated that the company would create 65 jobs and invest \$1.9 million as a result of this project.

Recommendation: MEDC Staff recommends a 7 year high-technology employment tax credit for. The credit percentage will be 200% for years 1-3 and 100% for years 4-7 for up to 65 net new employees in excess of the company's established base of 9. A look-back period will be established as of June 1, 2010, or 90 days prior to the execution of the credit agreement, whichever is shorter. Employees hired after the establishment of the look-back period will count

as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-118. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-119: Premier Tool and Die Cast Corporation (PTDC)

Tom Tarleton, MEDC Business Development Manager provided background information for the action and introduced guest presenters: Paul Brancaleon, CEO, PTDC; Steve Endres, Treasurer and CFO, PTDC; and Kevin Anderson, City Manger, City of Dowagiac.

Mr. Anderson indicated that PTDC will be using a very old abandoned building for this project, and that the community was very excited about this project. Mr. Brancaleon indicated that this project would bring employees from their New York facility to Michigan.

Robert Wilson provided additional information and recommendations.

Mr. Wilson indicated that the company would create 100 jobs and invest \$3.237 million as a result of this project.

Recommendation: MEDC Staff recommends a 100 percent standard employment tax credit for five years for up to 100 net new employees in excess of the company's established base of 239.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Emerson made a motion for approval of Resolution 2010-119. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED STANDARD MEGA CREDITS:

Resolution 2010-120: General Electric Company (GE)

Penny Launstein, MEDC VP Michigan Retention and Growth, provided background information for the action and introduced guest presenters: Courtney Hill, Engineering Executive Manager, GE Aviation; Clif Morehead, State Government Relations Manager, GE; Dave Tyler, Wayne County; Azzam Elder, Deputy County Executive, Wayne County; and Paul White, Township Supervisor, Van Buren Township.

Ms. Hill indicated that GE is developing a manufacturing process to assist in the military process for generations to come. Mr. White indicated that this project will fill a near empty building. Mr. Elder indicated that the community is very excited about the shared vision that is being created by GE. Mr. Morehead thanked the MEDC for working so closely with GE to make this happen.

Phil Santer provided additional information and recommendations.

Mr. Santer indicated that the company would invest approximately \$20 million as a result of this project and create 130 new jobs.

Recommendation: MEDC Staff recommends a 100 percent standard employment tax credit for ten years for up to 130 net new employees in excess of the company's established base of 533 at the Project.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-120. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-121: Wolverine Assemblies (WA)

Tom Durkee, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Steve Sperlazza, Group President, TAG Holdings; Tony Zambelli, Treasurer, WA; Irene Spanos, Oakland County; and Tony Nowicki, Assistant City Manager, City of Wixom.

Mr. Zambelli indicated that this project is a joint venture that is bringing jobs back to Michigan from southeast Asia. Mr. Nowicki indicated that the community is very supportive of this project. Ms. Spanos indicated that Oakland County is very excited to have a company bringing jobs back from Asia to the community.

Phil Santer provided additional information and recommendations.

Mr. Santer indicated that the company would invest approximately \$8.4 million as a result of this project and create 174 new jobs.

Recommendation: MEDC Staff recommends a 75 percent standard employment tax credit for five years for up to 174 net new employees in excess of the company's established base of 19.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-121. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED RURAL MEGA CREDITS:

Resolution 2010-122: Wausaukee Composites – Owosso, Inc. (WCO)

Tom Young provided background information for the action and introduced guest presenters: David Lisle, President & CEO, WCO; Don Ranville, Plant Manager, WCO; Justin Horvath, President, Shiawassee County Economic Development; and Danny Miller, Township Supervisor, Owosso Charter Township.

Mr. Lisle indicated that WCO is currently based in Wisconsin and is one of North America's largest distributors of plastic structural components. Mr. Miller indicated that the community is supportive of a tax abatement in support of this project. Mr. Horvath indicated that the community is very appreciative of the MEDC's help in getting this project to Michigan.

Greg West, MEDC Project Specialist provided additional information and recommendations.

Mr. West indicated that the company would invest approximately \$1.9 million and retain 156 jobs as a result of this project.

Recommendation: MEDC Staff recommends a 85 percent rural employment tax credit for 5 years for up to 156 net new employees in excess of the company's established base of 132. A look-back period will be established as of June 4, 2010 or 90 days prior to the execution of the Credit Agreement, whichever is shorter. Employees hired after the establishment of the look-back period will count as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Rural MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Emerson made a motion for approval of Resolution 2010-122. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED RETENTION MEGA CREDITS:

Resolution 2010-123: Hallite Seals America, Inc. (HSA)

Jerome Katz, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Fred Brocci, President, HSA; Gary Cooper, Finance Director, HAS; Tony Nowicki, Assistant City Manager, City of Wixom; and Michelle Eaton, Senior Business Development Manager, Oakland County.

Mr. Brocci indicated that HSA was ready to shut its doors in 2007, but has since made a rebound and is excited to be staying in Michigan. Mr. Nowicki indicated that the community is supportive of a tax abatement in support of this project. Ms. Eaton indicated that Oakland County has been working with HAS for over five years and that they are excited to be keeping jobs in the community.

Greg West provided additional information and recommendations.

Mr. West indicated that the company would retain 60 jobs with an investment of \$7.4 million as a result of this project.

Recommendation: MEDC Staff recommends a 75 percent retention employment tax credit for five years for the 60 retained employees at the new Wixom facility.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Retention MEGA Credit and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-123. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD MBT AND WORK PLAN AMENDMENTS:

Resolution 2010-124: BAE Systems Land and Armaments, L.P. (BAE)

Karla Campbell, MEDC MEGA Manager, provided background information for the action.

Ms. Campbell indicated that BAE was approved for a Large Brownfield MBT Credit on December 15, 2009 for the building of a new 200,000 square foot business development and technology center. Ms. Campbell indicated that BAE would like to change the project to a multi-phase project, with no other changes to the project.

Recommendation: MEDC Staff recommends approval of the requested Brownfield MBT Credit Amendment, allowing BAE Systems Land and Armaments L.P. to complete project number M-0913 as a multiphase project. The total amount of available credits will be limited to the approved credit of \$6,906,504 for the two phases; and is subject to MCL Section 208.1437(10) requiring that if all components of a multiphase project are not completed, BAE Systems Land and Armaments L.P. shall pay to the state, as a penalty, an amount equal to all the credits claimed and assigned for all components of the project. The penalty also includes interest from the date the credit was claimed or assigned.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Emerson made a motion for approval of Resolution 2010-124. Mr. Buckler seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-125: City of Grand Rapids – Canal Street Brewing Company (CSB)

Katharine Czarnecki, MEDC Community Assistance Team Manager, provided background information for the action.

Ms. Czarnecki indicated that the City of Grand Rapids had submitted a second Work Plan Amendment request for the property on which Founders Brewery operates. Ms. Czarnecki indicated that a new building will be constructed on the additional property to be used for production facilities and office space, with an overall investment of an additional \$4 million for the project.

Recommendation: MEDC Staff recommends approval of local and school tax capture for the eligible activities totaling \$561,700. Utilizing the current school to local capture ratio, the amount of school tax capture for this project is estimated at \$272,422.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-125. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED MEGA AMENDMENTS:

Resolution 2010-126: BISSELL, Inc.

Karla Campbell provided background information for the action.

Ms. Campbell indicated that BISSELL was awarded a Standard and Retention MEGA on September 23, 2008, but that it was awarded to BISSELL, Inc. instead of BISSELL Homecare, Inc.

Recommendation: MEDC Staff recommends that Resolution 2008-120 be amended to reflect the credit transfer from BISSELL, Inc. to BISSELL Homecare, Inc.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA Amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Emerson made a motion for approval of Resolution 2010-126. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-127: Inergy Automotive Systems (USA), Inc. (Inergy)

Karla Campbell provided background information for the action.

Ms. Campbell indicated that on November 13, 2007, the MEGA Board approved a Standard MEGA Credit for Inergy. Ms. Campbell indicated that Inergy has not been able to create and maintain their minimum requirement of 50 new jobs due to the decline in the auto industry, but has been working diligently to get their employment numbers back up.

Recommendation: MEDC Staff recommends that the Anniversary Date be extended from June 30, 2009 to December 31, 2010 to allow the Company to activate its Tax Credit. The corresponding eligible duration of the credit will be for tax years ending December 31, 2010 through December 31, 2015. Additionally, the Anniversary Date cannot be extended any further if the minimum requirements cannot be met by the company.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-127. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-128: Michigan Packaging Company (MPC)

Karla Campbell provided background information for the action.

Ms. Campbell indicated that MPC was awarded a Retention MEGA Credit on November 16, 2004. MPC has gone through a merger, and is on target with the project as originally stated.

Recommendation: MEDC Staff recommends that Resolution 2004-72 be amended to reflect the credit as transferred from Michigan Packaging Company to Greif Packaging LLC. Additionally, the statewide employment base attached to this project should increase to 105 to account for the 5 already existing jobs under Greif Packaging LLC.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none **Mr. Emerson made a motion**

for approval of Resolution 2010-128. Mr. Herman seconded the motion. The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-129: Ohio Module Manufacturing Company, LLC (OMMC)

Karla Campbell provided background information for the action.

Ms. Campbell indicated that UMMC was awarded a Standard MEGA Credit in October 2009. Ms. Campbell indicated that there was a consolidation of an affiliate company with OMMC.

Recommendation: MEDC Staff recommends that Resolution 2009-178 be amended to reflect the credit as transferred from Ohio Module Manufacturing Company, LLC to Mobis North America, LLC. Furthermore, staff recommends amending both Resolution 2009-178 and the Ohio Module Manufacturing Standard MEGA Credit Agreement (587) to establish a base employment level of 29 from 0, which is reflective of the employment threshold held in Michigan by MNA at the time of the consolidation.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none **Mr. Emerson made a motion for approval of Resolution 2010-129. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-130: PureFlex, Inc.

Karla Campbell provided background information for the action.

Ms. Campbell indicated that PureFlex was awarded a Standard MEGA Credit on October 17, 2006. Ms. Campbell indicated that the base for PureFlex was incorrectly set at 30 instead of 33.

Recommendation: MEDC Staff recommends that the base employment level of 30, as set in the executed MEGA Credit Agreement, be honored for tax years ending December 31, 2008 and 2009. It is also recommended that the MEGA Tax Credit Agreement for PureFlex, Inc. be amended to reflect the base level of 33 for tax years ending December 31, 2010 through December 31, 2022.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none **Mr. Corbin made a motion for approval of Resolution 2010-130. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-131: Spartan Motors Chassis, Inc. (SMC)

Karla Campbell provided background information for the action.

Ms. Campbell indicated that SMC was awarded a Standard MEGA Credit on June 15, 2004. Ms. Campbell indicated that SMC has been creating jobs under two different legal entities at the project site from the time the MEDC was awarded.

Recommendation: MEDC Staff recommends that Resolution 2004-32 be amended to include Spartan Motors, Inc. as an eligible entity in which qualified new jobs can be created. Further, it is recommended that this change be applied retroactively to July 19, 2004.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-131. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

ADMINISTRATION:

Resolution 2010-132: Average Weekly Wage Adjustment (AWW)

Karla Campbell provided background information for the action.

Ms. Campbell indicated that one of the audit findings was in regards to how staff calculated AWW for MEGA projects.

Recommendation: In order to find a business-friendly way not to penalize companies when they are in a significant hiring mode, and have not had employees for the full 52 weeks, a more clear and revised method for calculating the AWW has been developed. The MEDC recommends that the proposed AWW for each Qualified New Job or Retained Job be calculated by using the annual Salaries and Wages divided by the actual weeks worked. The AWW of Qualified New Jobs or Retained Jobs, whose wages count toward the credit for any quarter, will be averaged to obtain the overall AWW. The MEDC also recommends that companies be allowed to adjust their last day of the quarter to count Qualified New Jobs, Base Employees and/or Retained Jobs depending on the business case provided. All active MEGA Credit Agreements will be amended to reflect this new calculation. This will affect all MEGA Annual Tax Credit Certificate Applications going forward.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Administrative Item and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-132. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-133: Template Approvals

Karla Campbell provided background information for the action.

Ms. Campbell indicated that by resolution for each project authorizing a tax credit, the MEGA Board authorizes the MEGA Secretary to execute an Agreement with the company, in substantially the form of the template agreement. In response to recommendations from the audit, the Template Agreements for MEGA Tax Credits have been revised. Ms. Campbell went through each of the proposed changes to the agreements.

Mr. Haas asked about the language being too strict and not leaving any leeway. After significant discussion, it was agreed to change “shall” to “may” in the agreements to leave enough leeway when negotiating deals.

Recommendation: MEDC staff recommends that the MEGA Board approve the proposed revisions made to the MEGA Tax Credit Agreement Templates.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Administrative Item and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-133. Ms. Corbin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-134: Board Secretary Appointment

Peter Anastor, MEDC Policy Director, provided background information for the action.

Mr. Anastor indicated that he had taken a new position at the MEDC, and thus would need to step down as MEGA Board Secretary.

Recommendation: MEDC Staff recommends that the MEGA Board approve the following: (1) Appoint Karla Campbell as the MEGA Board Secretary effective September 1, 2010; and (2) Provide additional signing authority to Mike Pohnl, Vice President for Business Support, in the event the MEGA Board Secretary is unavailable to sign documents.

Board Discussion: Mr. Herman gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Administrative Item and recommends approval. Mr. Haas asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-134. Mr. Emerson seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

DISCUSSION: Mr. Haas presented and read a resolution honoring Peter Anastor for his service to the MEGA Board. **Mr. Buckler made a motion for approval of the resolution. Mr. Herman seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent. Mr. Haas asked if there were any additional comments. There were none.

ADJOURNMENT: The meeting was adjourned by Mr. Haas at 11:59 a.m.