

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
September 14, 2010

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, September 14, 2010 at the Michigan Economic Development Corporation (MEDC) building, Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan.

MEMBERS PRESENT: Douglas Buckler; Andrew Levin; Laura Mester; Robert Kleine; Tim Herman (arrived at 10:04 a.m.); Baldomero Garcia; and Cindy Douglas (on behalf of Greg Main, non-voting member).

MEMBERS ABSENT: Cullen DuBose

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

APPROVAL OF MINUTES: Mr. Kleine asked for a motion to approve the August 17, 2010 meeting minutes. **Mr. Buckler motioned approval of the minutes. Mr. Levin seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent

PUBLIC COMMENT: Governor Jennifer M. Granholm arrived at 10:28 a.m. and her comments were heard at that time. Governor Granholm addressed the Board and companies in attendance. Governor Granholm thanked the MEGA Board for their consideration of the 15 separate projects in front of them this morning and thanked the companies for staying and growing in Michigan, stating that there would be over 4,278 direct and indirect jobs created or retained from the actions at this Board meeting. Governor Granholm indicated that the investments discussed today represent the continued diversification of Michigan, the MEDC and that these companies have helped shape new industries in Michigan. Governor Granholm stated these projects and array of jobs would lead to being permanent partners in our great state. Governor Granholm thanked the MEDC for the work that went into attracting these companies to Michigan, and thanked each CEO and the Local Economic Development Partners for helping bring these companies to Michigan.

PROPOSED BROWNFIELD MBT & PHOTOVOLTAIC CREDIT

Resolutions 2010-135; 2010-136; and 2010-137: Dow Chemical Company

Maria Cook, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Lowell McLaughlin, Manager, State & Local Tax N. Region, Dow Chemical Company; Jamie Snead, Senior Tax Analyst, Dow Chemical Company; Jane Palmieri, Managing Director, Dow Chemical Company; Brooke Beebe, Director, State Government Affairs; Kate Nigro, Global Communications Director; Scott Walker, Chief Executive Officer, Midland Tomorrow; and Carol Miller, Midland Tomorrow.

Ms. Beebe indicated that due to this project Michigan will be “Living up to being a Green Hub”, and that scientist say it is the easy green choice for new homeowners to go green. The first zero energy home is currently in use right in Bay City and was manufactured right here in mid-Michigan and the demand is already showing strong. Mr. Walker indicated that this is great use of an obsolete abandoned building of more than 20 years and will help the City of Midland’s economy and that of Michigan. Mr. Walker also stated that this project has been approved at the City and Local level.

Ms. Douglas asked when this would be on the market. Ms. Beebe answered by the middle of next year and those larger quantities will be available as well. Mr. Kleine asked what the costs would be. Ms. Beebe stated approximately \$6,000 - \$7,000, after tax incentives.

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

Mr. Santer indicated that the company would invest approximately \$167 million because of this project and create 635 new jobs.

Recommendation: MEDC Staff recommends approval of a 12.5% Brownfield MBT Credit, not to exceed \$10,000,000 for the Launch Project and MBT Credit for The Dow Chemical Company. In addition, MEDC Staff recommends approval of The Dow Chemical Company as a Qualified Taxpayer under Public Act 90

of 2009 (MCL 208.1430). MEDC Staff recommends approval of a second 12.5% Brownfield MBT Credit, not to exceed \$10,000,000 for the Manufacturing Project and MBT Credit for The Dow Chemical Company. In addition, MEDC Staff recommends approval of The Dow Chemical Company as a Qualified Taxpayer under Public Act 90 of 2009 (MCL 208.1430). As a Qualified Taxpayer, The Dow Chemical Company would be eligible to receive a credit of 25% of their capital investment for a maximum credit of \$15 million for the Photovoltaic Credit.

Board Discussion: Mr. Levin asked what the difference was in the two parcels. Mr. Santer responded that it was the launch dates currently parceled. Mr. Levin asked when this was ramping up. Ms. Beebe replied, they are moving as quickly as they can to get this up and going. Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-135. Ms. Mester seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent. **Mr. Levin made a motion for approval of Resolution 2010-136. Mr. Herman seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent. **Mr. Buckler made a motion for approval of Resolution 2010-137. Mr. Herman seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED WORK PLAN APPROVAL

Resolution 2010-138: City of Taylor – Watson Engineering Inc.

Aaron Young, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Chris Douglas, Watson Engineering, CFO; Brett Duntz and Michael O'Malley, City of Taylor.

Mr. Douglas stated that this company was created in Michigan thirty (30) years ago. They produce metal fabricated components and are viewed as a "1 stop shop" preferred supplier with many supplies currently 30% automotive, which dropped from the 100% automotive, which is how they started. This is good news as they made it through the bad economic time. Today, Watson has 250 employees, has achieved certification and spread out in various industries. Currently, they do not have the capacity to meet demand and need to hire 75 full time employees. Mr. Duntz is happy to have these two (2) parcels cleaned up and be able to remediate and divide the parcels. Mr. O'Malley thanked the MEGA Board and Watson for bringing and keeping business into the City of Taylor. **[Mr. Herman stepped out at 10:13 a.m.]**

Marcia Gebarowski, MEDC Project Specialist, provided additional information and recommendations.

Ms. Gebarowski indicated that the company would create approximately 75 jobs with an investment of \$7.5 million. **[Mr. Herman returned at 10:14 a.m.]**

Recommendation: MEDC Staff recommends approval of local and school tax capture for the eligible activities totaling \$221,220. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$77,427.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-138. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED HIGH-TECH MEGA CREDIT

Resolution 2010-139: Navistar, Inc.

[Cindy Douglas stepped out at 10:20 a.m.] *Bruce Seymore, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Patrick Charbonneau, VP Government Relations, Navistar, Inc.; Jason Quaranto, Director, Government Relations, Navistar, Inc.; and Brandon Podolski, Consultant with Plante Moran CRESA.*

Mr. Seymore indicated that Navistar, Inc. had been founded in 1902 and sells products through a worldwide network of more than 1,000 dealers. Mr. Seymore indicated that Navistar, Inc. has 123 employees in Michigan where they manufacture medium and heavy-duty trucks bearing their name. Mr.

Charbonneau shared that Navistar builds and runs clean and efficient trucks, school busses, diesel engines, recreational vehicles as well as chassis for vans and motor homes. In 2003, Navistar, Inc. started Navistar Defense, LLC to answer the U.S. government's request for armored and unarmored military vehicles. Since that time, Navistar Defense LLC has grown into a company with annual sales over \$2 billion. [*Cindy Douglas returned at 10:23 a.m.*]

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

Mr. Hundt indicated that the company would create 87 jobs with an investment of \$4 million as a result of this project with 51 jobs projected within the next 12 months.

Recommendation: MEDC Staff recommends a 7 year high-technology employment tax credit for this project. The credit percentage will be 200% for years 1, 2 and 3 and 100% for years 4, 5, 6 and 7 for up to 87 net new employees in excess of the company's established base of 109, including a look-back period of up to 90 days from the execution of the credit agreement.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Levin made a motion for approval of Resolution 2010-139. Mr. Herman seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-140: Oxus America, Inc.

Jerome Katz, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Gary Abusamra, Owner of Oxus America, Inc.; Dan Casey, Manager of Economic Development, Rochester Hills; and Irene Spanos, Senior Business Development Manager, Oakland County.

Mr. Abusamra indicated that Oxus America, Inc. is a start-up company that designs and manufactures tooling, fixtures and inventory of Delphi's former portable oxygen concentrator product line. Oxus was formed in April 2010, by Oxus, Ltd of Korea. Mr. Casey indicated how supportive he and Rochester Hills were of Oxus America, Inc. and that he welcomes them to the area. Ms. Spanos indicated that this will change the quality of lives in the area, especially with the \$600,000 in jobs training funds.

Mr. Levin asked if training money was with OCC? Ms. Spanos responded yes. Treasurer Kleine asked how different is this than the portable oxygen we have now? Mr. Casey responded that it is more prevalent than what people have in the home now, in a sense that wherever there is power, they will have oxygen. This actually is shrinking the technology down into a portable size allowing better mobility.

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

Mr. West indicated that the company will generate a total of 98 jobs in the state by the year 2017. Five (5) of these jobs will be created by the end of the first year. The company is not qualifying with the 10 percent research and development requirement.

Recommendation: MEDC Staff recommends a 75 percent high-technology employment tax credit for seven (7) years for up to 38 net new employees in excess of the company's established base of four (4), subject to the following: the company must create and maintain a minimum of 38 employees by the end of the fifth year. Failure to do so will result in the forfeiture of years six and seven of the credit.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-140. Mr. Levin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-141: Silk Route Global, Inc.

Jerome Katz, MEDC National Business Project Manager, provided background information for the action and introduced guest presenters: Ron Lund, CEO, Silk Route Global; Robert Miller, Acting Assistant City Manager, City of Troy; and Mark Adams, Senior Business Development Representative, Oakland County.

Mr. Lund indicated that Silk Route Global, is a supply chain software development and subscription service company that provides products that takes a multitude of suppliers, manufacturers, and/or retailers and provides instant feedback on products on hand. They recently sold their subscriptions to Sony Corporation as well as other large companies and are currently in discussions with large corporations in regards to new contracts. They offer solutions as a service rather than the reverse with

the expertise of software engineers and analysts. Mr. Mills indicated that the City of Troy is in full support of this project and thanks the MEGA Board and MEDC employees for this opportunity and that it is nice to keep companies in the community.

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

Mr. Wilson indicated that the company would create 103 jobs and invest \$1.9 million as a result of this project and that their current location does not have the capacity to deal with anticipated growth.

Recommendation: MEDC Staff recommends a 75% high-technology employment tax credit for 5 years for up to 103 in excess of the company's established base of 13.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-141. Ms. Mester seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent. **[Ms. Douglas stepped out with Governor Granholm at 10:34 a.m.]**

Resolution 2010-142: Herman Miller, Inc.

William Kratz, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Greg Bylsma, Executive Vice President, Herman Miller, Inc.; Craig DeRidder, Lead Tax Director, Herman Miller, Inc.; Randy Thelen, President, Lakeshore Advantage; Donald Komejan, Manager, Holland Charter Township; and Greg Robinson, Assistant City Manager, City of Holland.

Mr. Bylsma indicated that this is an \$11 million dollar investment and is actually two (2) projects in one (1). The first is for a showroom in South West Michigan and the second for a Research Center. Technology is changing every single day and workers are much more mobile these days, so setting them up as "Living Labs" work best. Mr. Robinson indicated that with Herman Miller, you get Global Brand Recognition and the City of Holland is excited to see them grow even more within our state. Mr. Komejan indicated that the Township has committed to tax incentives, Mr. Robinson added that Herman Miller is leading by example and they are as well prepared to approve a PA328 to assist. Mr. Kleine asked if the showroom would be set up like a hospital environment. Mr. Bylsma stated yes, as much as it can be to show an example of a full hospital setting for customers to see. This type of set up will add to their portfolio and show their dedication and strength in this area as well. **[Ms. Douglas returned at 10:43 a.m.]**

Greg West provided additional information and recommendations.

Mr. West indicated that the company would create 1,225 jobs and invest \$11 million as a result of this project.

Recommendation: MEDC Staff recommends a 100 percent standard employment tax credit for seven (7) years for up to 600 net new employees in excess of the company's established base of 3,215, subject to the following: Herman Miller must create and maintain 540 Qualified New Jobs over the established employment base of 3,215 by the end of year five (5) of the credit, otherwise the final two (2) years of the credit will be forfeited.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Technology MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-142. Mr. Levin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED STANDARD MEGA CREDITS

Resolution 2010-143: JAC Products, Inc.

Kasey Green, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Dan Smoke, Chief Financial Officer; David Birchmeier, North American Controller; Todd Campbell, City Manager for the City of Saline; and Valerie Christofferson, Ann Arbor Spark.

Mr. Smoke indicated that JAC was incorporated in Michigan in 1967. JAC will be developing 11 new roof rack/trim systems for seven (7) different OEM's (Toyota, Ford, Chrysler, Nissan, Subaru, Honda and Hyundai). These projects will be launched from their City of Saline and Shelby Township facilities. Georgia was a large competitor for this project and we are happy to be here and expanding in Michigan.

Mr. Smoke also indicated that they would be embarking on alternative energy with roof racking and is the leading roof rack manufacturer in the US. Mr. Smoke then stated that he appreciated the MEGA Board, the MEDC staff, and all their work and is happy that 2009 is over. Mr. Campbell indicated that they will approve a PA 198 and they are looking forward to their continued partnership. Ms. Christofferson reported that they are support JAC and their growth in Michigan.

Ms. Douglas thanked JAC for hanging in there and for branching out into different areas. Mr. Kleine asked if they were in danger of going out of business. Mr. Smoke responded that yes, they were, but any supplier probably was during 2009 and they were fortunate to have great people to see it through with them.

Josh Hundt provided additional information and recommendations.

Mr. Hundt indicated that the company would invest approximately \$6.7 million because of this project and create 87 new jobs.

Recommendation: MEDC Staff recommends a 75 percent standard employment tax credit for 5 years for up to 87 net new employees in excess of the company's established base of 412 at the Project.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-143. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-144: JET Engineering, Inc.

Ed Reed, MEDC Business Development Manager, provided background information for the action and introduced guest presenters: Barry Kavanagh, Controller, Symmetry Medical; Becky Zulager, Corporate Tax Manager & Symmetry Medical; Robert Trezise, President & CEO, Lansing Economic Development Corporation; and Andrea Ragan, Talent Retention Director, Lansing Economic Development Corporation.

Mr. Kavanagh indicated that JET was founded in 1985 with 10 employees and currently employs almost 400 full time workers. They need to expand their facility to be able to keep up with increasing demands of high machining implants. Mr. Trezise thanked the outstanding staff at the MEDC and appreciated their work during this huge battle with another state to keep JET in Michigan. Mr. Trezise also indicated that it is because of the tax abatements that they will be able to create more jobs in the area.

Mr. Kleine asked what helped make their decision to stay in Michigan. Mr. Kavanagh responded that the workforce is amazing, trained and complimented on the supplement of skilled labor available, which is not easy to find in other areas. Mr. Kleine mentioned the recent article that announced Lansing is one of the 10 best places to live and work for young adults. Mr. Trezise said that Lansing is waking up and it is going to get better.

Joe Quick, MEDC Project Specialist, provided additional information and recommendations.

Mr. Quick indicated that the company is a major supplier in the area and would invest approximately \$14.852 million because of this project and create 159 new jobs.

Recommendation: MEDC Staff recommends a 75 percent standard employment tax credit for five (5) years for up to 159 net new employees in excess of the company's established base of 390.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Levin made a motion for approval of Resolution 2010-144. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-145: Romeo RIM, Inc.

Bruce Seymore provided background information for the action and introduced guest presenters: Paul Condeelis, Product Development – Romeo Rim; Tim Emmitt, CEO – Romeo Rim; James Tignanelli, Bruce Township Supervisor; Susan Brockmann, Bruce Township Clerk; and Camille Silda, Economic Development – Macomb County.

Mr. Condeelis indicated that this project will be expanding the footprint of its current facility to accommodate a new contract. They are the manufacturer of urethane based plastic parts, which are used in tractors, combines, large bumpers, etc. Mr. Condeelis, continued that he is excited about where

the company is going, as of four (4) years ago this was a brand new idea. We have since developed it and are the first company in North America to have this and only the second in the world. Ms. Silda indicated that Macomb County is in full support of this project.

Greg West provided additional information and recommendations.

Mr. West indicated that the company would invest approximately \$7.6 million and create 67 jobs in addition to the current 164 employees.

Recommendation: MEDC Staff recommends a 100 percent standard employment tax credit for 5 years for up to 67 net new employees in excess of the company's established base of 164.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Rural MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-145. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-146: Search Optics, Inc.

Phil Santer, MEDC Project Specialist, provided background information for the action and introduced guest presenters: David Ponn, Chief Executive Officer, Search Optics; Christian Fuller, Executive Vice President of Sales, Search Optics; Melanie Piana, Councilwoman, City of Ferndale; Bob Bruner, City Manager, City of Ferndale; Mark Adams, Senior Business Development Representative – Oakland County; and Craig Covey, Mayor, City of Ferndale.

Mr. Bruner, indicated that this is the first MEGA for the City of Ferndale and that the City is in full support of Search Optics. Mr. Ponn indicated that the company started in 1998 and provides digital marketing services for automotive sales clients, like auto dealerships. They provide website development, search engine optimization, social media marketing, reputation and email marketing. They also provide the analytical tools to assist in marketing evaluations. They currently have two (2) employees in Michigan but with approval from the MEGA Board recruitment will begin within 30 days. Michigan was victorious over Toronto in getting/keeping them in Michigan.

Erik Tungate, MEGA Project Specialist, provided additional information and recommendations.

Mr. Tungate indicated that the company is expanding beyond their existing location in San Diego, California to provide better service to its clients on the eastern side of North America. They hope to strengthen and grow relationships with a physical proximity to their customers. Search Optics, Inc. plans an investment of \$4.1 million as a result of this project and create up to 288 jobs. **[Doug Buckler stepped out of the meeting at 11:10 a.m.]**

Ms. Douglas asked what drives the need for speed. Mr. Ponn indicated a continuous shift in the arena. Television has become less predictable to advertise update when Google was not a verb. Society has changed, especially with on line marketing, most automotive clients continue to show and take advantage of services. Mr. Fuller stated that Ferndale provides a "Hip Urban Lifestyle" and that this location is a great decision for Search Optics. [Doug Buckler returned to the meeting at 11:12 a.m.]

Recommendation: MEDC Staff recommends a 100 percent employment tax credit for seven (7) years up to 288 net new employees in excess of the company's established base of 2.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Ms. Mester made a motion for approval of Resolution 2010-146. Mr. Herman seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-147: Weber Automotive Corporation (Weber)

Martina Schlagwein, MEDC Manager Business Development Europe, provided background information for the action and introduced guest presenters. Daniel Weber, Vice President, Weber; Peter Rosenfeld, President/CEO MI location, Weber; Jonas Linke, Business Development, Weber; and Peter Auger, City Manager, Auburn Hills.

Mr. Weber indicated that they were looking at a facility in South Carolina and that Ms. Schlagwein has been working on them for several years, without her persistence as well as help from the MEDC and MEGA Board they would not be here today. Weber is currently a world leader in quality and technology for power train components. They are headquartered in Germany and has only one (1) North American

location in South Carolina. Mr. Weber continued that Weber was just awarded two (2) new large contracts and they need to start production very soon. Mr. Rosenfeld stated that this has been a marathon project and is happy with their decision to come to Michigan. Weber will bring 280 new jobs to Auburn Hills and allow them to renovate a large enough facility necessary to fulfill their new contracts as well as expand. Ms. Spanos indicated that this was a real team effort, she is thrilled to add a German firm to Ferndale.

Ms. Douglas asked just how long Ms. Schlagwein had been working to get Weber to Michigan. Ms. Schlagwein and Mr. Weber both responded about 2.5 years and because of the help of our Legal team with the PA198 we made it happen and it was well worth it.

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

Mr. West indicated that the company would invest approximately \$24.9 million and create 280 jobs.

Recommendation: MEDC Staff recommends a 100 percent standard employment tax credit for 5 years for up to 280 net new employees in excess of the company's established base of 0.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-147. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED RURAL MEGA CREDITS

Resolution 2010-148: Century, Inc. (Century)

Lydia Murray, MEDC Community Assistance Team Manager, provided background information for the action and introduced guest speakers: Bradley Kellett, CPA; Brian Crough, Community Development Director – City of Traverse City; and Doug DeYoung Director of Government Relations Traverse Area Chamber of Commerce.

Ms. Murray indicated that Senator Jason Allen was in session and sends his regrets for not being able to attend in person. He asked that she tell the Board of his strong support of this project. Mr. Bradley thanked the MEDC and Traverse City for their efforts in this project and said that Century started in Michigan in 1966 and has had presence in Traverse City since 1974. The current need is for a headquarters to develop the lightweight brake drum and manufacturing of aerospace components. The Research and Development area has developed a 45% lighter drum, which is very helpful, especially in military defense machinery. Mr. Crough stated the City of Traverse City's strong support for this project and is hoping with the approval today to keep them in Traverse City.

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

Mr. Hundt indicated that the company has been working with the Department of Defense on this development and has recently secured a \$9.4 million dollar contract to manufacture aerospace components for a major manufacturer of helicopters. They are also working to secure contracts in the gas and oil industries. The company would invest approximately \$6.2 million and create 35 jobs.

Recommendation: MEDC Staff recommends a 75 rural employment tax credit for seven (7) years for up to 35 net new employees in excess of the company's established base of 129.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Work Plan Amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-148. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-149: Saint Gobain Performance Plastics Corporation (Saint Gobain)

Brenda Flory, MEDC Community Assistance Team Manager, provided background information for the action and introduced guest speakers: Todd Kunding, Operations Manager, Healthcare Markets, Saint-Gobain Performance Plastics, Beaverton; Lisa Bragg, Site Controller, Saint-Gobain Performance Plastics, Beaverton; and Kerry Posey, City Manager, City of Beaverton.

Mr. Kunding indicated that Saint Gobain is part of the Innovative Materials Sector and that this project is for an expansion as they have reached capacity in their current building. The expansion would also allow for double-digit growth and that 2009 was a good year for Saint Gobain and that they are continuing to

hire new employees. Kerry Posey stated that the City of Beaverton is excited to support this project and it means a lot to a small community such as Beaverton. Mr. Kundinger also said that Saint Gobain did the silicone tubing work for the for the H1N1 vaccine globally last year and this expansion would allow them to handle additional materials in addition to silicone and be more flexible with client demands.

Joe Quick, MEDC Project Specialist provided additional information and recommendations.

Mr. Quick indicated that the company currently has 157 Michigan employees and that Saint Gobain will invest approximately \$9.2 million dollars and create 61 new jobs as a result of this project.

Recommendation: MEDC Staff recommends a 75 rural employment tax credit for seven (7) years for up to 61 net new employees in excess of the company's established base of 157.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-149. Mr. Herman seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED BROWNFIELD MBT AMENDMENTS

Resolution 2010-150: Two West Fulton

Eric Helzer provided background information for the action.

Mr. Helzer indicated that Two West Fulton was awarded a Large Brownfield Redevelopment MBT credit on May 20, 2008, granting an Urban Development Area Project designation. This amendment serves to change the project to a multiphase project. No other changes are planned and the investment will remain the same.

Recommendation: MEDC Staff recommends approval of the requested Brownfield MBT Credit Amendment #2, allowing Two West Fulton, LLC to complete the project as a multiphase project.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-150. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-151: Eberspächer North America, Inc. (Eberspächer)

Eric Helzer provided background information for the action.

Mr. Helzer indicated that on August 19, 2008, the MEGA Board approved a Large Brownfield MBT Credit MEGA Credit for Eberspächer and amended the project on February 9, 2009. Mr. Helzer indicated that the Eberspächer North American expansion has been modified to accommodate logistical and manufacturing requirements based on customer demand. The initial plan to expand their Brighton facility was to be financed via a sale/leaseback, however in response to turmoil in the capital markets, ENA chose to forego that financing option and instead split its total capital investment between the Brighton facility and the Wixom facility to meet tight customer deadlines.

Recommendation: MEDC Staff recommends the approval of the Amendment #2 request to modify the scope of the project, and to reduce the eligible investment from \$55,368,083 to \$33,244,846 with an MBT credit of 12.5%, not to exceed \$4,155,606.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Amendment approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-151. Ms. Mester seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED BROWNFIELD WORKPLAN AMENDMENT

Resolution 2010-152: City of Ann Arbor – 601 Forest (601 Forest)

Eric Helzer provided background information for the action.

Mr. Helzer indicated that 601 Forest was originally awarded a Work Plan request by Resolution 2008-181 on December 15, 2008. 601 Forest is seeking a two (2) year extension to complete the originally approved Eligible Activities, totaling \$4,760,960, as originally authorized by the Board.

Recommendation: MEDC Staff recommends that Resolution 2008-181 be amended to reflect the date to complete the eligible activities be extended by two (2) years, with the condition that the project must begin by commencing physical demolition of the existing building within one hundred twenty (120) calendar days or no later than January 12, 2011 from the adoption of the approved MEGA Board Resolution. If the project does not begin as stated above, the schedule to complete Eligible Activities will revert back to the original MEGA Board approval on December 15, 2008.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan Amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Garcia made a motion for approval of Resolution 2010-152. Mr. Levin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED MEGA AMENDMENTS

Resolution 2010-153: BASF Corporation (BASF)

Jonathan Younkman, MEDC Program Specialist, provided background information for the action.

Mr. Younkman indicated that BASF was awarded a Standard MEGA Credit in October 2006, by Resolution 2006-79. Mr. Younkman indicated that because BASF Construction Chemicals, LLC was not in the Agreement as a Related Company, the employees were excluded from the base during an audit. As a result, the base employment level is currently not being met without the inclusion of the new entity and EIN. All other aspects of this project have moved forward.

Recommendation: MEDC Staff recommends that Resolution 2006-079 be amended to include BASF Construction Chemicals, LLC, to count toward the Base Employment Level. This change should be retroactively applied as of December 20, 2006.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Garcia made a motion for approval of Resolution 2010-153. Mr. Levin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-154: BMW Hybrid Technology Corporation (BMW)

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that BMW was awarded a Hybrid Standard MEGA Credit to develop a two-mode full hybrid propulsion system at a site in Troy, Michigan. It was realized that the payroll for MBW Hybrid Technology Corporation is reported on the Form 940's of BMW of North America, the affiliated member for Michigan credit purposes. BMW North America acts as the common paymaster. The payroll reports clearly reflect the separate payroll of BMW Hybrid although respective W-2's show BMW of North America as the "employer" which is in turn what the MEGA defines as the employer.

Recommendation: MEDC Staff recommends that Resolution 2007-22 be amended to include BMW of North America, LLC as an eligible entity in which qualified new jobs can be created for BMW Hybrid. Further, it is recommended that this change be applied retroactively, to the date of when Resolution 2007-22 was originally approved.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Levin made a motion for approval of Resolution 2010-154. Mr. Garcia seconded the motion.** The motion carried unanimously – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-155: FEV, Inc. (FEV)

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that FEV was awarded a High-Technology MEGA Credit on February 17, 2007, by Resolution 2007-08. The Agreement was subsequently amended by the SBT-MBT Amendment, which occurred March 27, 2008. This amendment changed the first year of the credit from 2007 to 2008 with the MEGA ending December 13, 2014. The original headcount for base employment was set at 227, which was accurate at the time. However, this headcount included eleven (11) employees who were foreign students who did not have income or Social Security taxes withheld, and two additional employees who were permanent residents of Pennsylvania and were not employed at the project site or in Michigan.

Recommendation: MEDC Staff recommends that Resolution 2007-08 be amended to reflect FEV's Base Employment Level be correctly identified and set at 214 and that it is an authorized business for all eligible credit years, past and future.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-155. Mr. Levin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-156: Grand River Interactive LLC (Grand River Interactive)

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that Grand River Interactive was awarded a High-Technology MEGA Credit on June 15, 2010, by Resolution 2010-078. Grand River Interactive was under the expectation that they would be able to include all new hires after the June 15, 2010 MEGA Board Approval. Since July 1, 2010 the company has hired 5 employees to work. During a follow-up conversation it was made clear that the company would not likely have additional hires in excess of the statutory minimum of five (5) new jobs by the end of their first tax year of which they are eligible to claim credit. The company requests that the employees hired as of July 1, 2010, be counted as Qualified New Jobs.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-156. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-157: International Automotive Components Group N.A., Inc. (IAC)

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that International Automotive was awarded a Combination Credit on November 13, 2007, by Resolution 2007-92. It was brought to the MEDC's attention that when IAC originally submitted their application with employment levels, the company did not only include employees working 35 hours per week, but instead all employees on their payroll at the time of application. Because of this, levels for retention credit were set too high for the company to be able to claim the credit. This discrepancy in required jobs and actual full time jobs was compounded by the decline in the automotive industry in 2008 and 2009 in Michigan.

Recommendation: MEDC Staff recommends a 30% employment credit be given for 1,500 – 1,699 retained jobs and a 50% employment credit be given for 1,700 retained jobs and above. There is an additional contingency that IAC's Mendon facility must have 500 employees by December 31, 2010. This amendment cannot be applied retroactively. Therefore, the credit will be awarded for nine (9) consecutive tax years beginning December 31, 2010. In addition, the MEDC recommends the Anniversary Date be changed to June 30, 2010 to allow these changes to be reflected for the company's first eligible year.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Levin made a motion for approval of Resolution 2010-157. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-158: Midway Products Group, Inc. (Midway)

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that Midway was awarded a Standard MEGA Employment Credit on August 11, 1998, by Resolution 1998-014. On January 11, 2001, the company consolidated its operations with Midway Products Group, Inc., a related company, at the Monroe Township facility. The credit was transferred to Midway Products and the research and development employees were transferred to the Midwest. The company reported base jobs under one legal entity in the original application. Although the employees were included in the base, the company did not report the existence of the second entity. It was always the intention of the company to include all employees in the base count. The second entity MQA, Inc., is an S-Corporation with the same ownership as Midway Products Group, Inc.

Recommendation: MEDC Staff recommends that Resolution 1998-014 be amended to include MQA, Inc. to count toward the Base Employment level. Additionally, it is recommended that this change be applied retroactively January 1, 2006.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-158. Mr. Garcia seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-159: Brembo North America, Inc. (Brembo)

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that the MEGA Credit Agreement for Brembo was recently amended to reflect the credit being transferred to Brembo North America, Inc., because of a January 1, 2009 merger. It was determined that the resolution did not contain the language needed to clearly identify that the issuance of the credit to the surviving entity could also apply to fiscal years prior to the date of the previous amendment, not just fiscal years going forward.

Recommendation: MEDC Staff recommends that Resolution 2010-012 be amended to reflect transfer of the MEGA Tax Credit from Brembo North America Homer, Inc. to Brembo North America, Inc., as of January 1, 2009.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Levin made a motion for approval of Resolution 2010-159. Mr. Buckler seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-160: Michigan Packaging Company

Jonathan Younkman provided background information for the action.

Mr. Younkman indicated that the Michigan Packaging Company was recently amended to reflect the credit being transferred to Greif Packaging, LLC. It was later determined that, as a date of transfer was not given, the amendment could not be applied to the agreement retroactively, as was intended.

Recommendation: MEDC Staff recommends that Resolution 2010-128 be amended to accurately reflect transfer of the MEGA Tax Credits from Michigan Packaging Company to Greif Packaging LLC as of January 1, 2008.

Board Discussion: Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Kleine asked if there were any questions from the Board. Being none **Mr. Buckler made a motion for approval of Resolution 2010-160. Mr. Levin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 1 absent.

ADJOURNMENT: The meeting was adjourned by Mr. Kleine at 11:55 a.m.