

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
January 19, 2010

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, January 19, 2010 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq. N., Lansing, Michigan.

MEMBERS PRESENT: Douglas Buckler; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Baldomero Garcia; Tim Herman; Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached); Greg Main; Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

MEMBERS ABSENT: Cullen DuBose

CALL TO ORDER: Mr. Main called the meeting to order at 10:04 a.m.

APPROVAL OF MINUTES: Mr. Main asked for a motion to approve the December 15, 2009 meeting minutes. **Mr. Buckler motioned approval of the minutes. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

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

PROPOSED HIGH-TECH MEGA CREDITS:

Resolution 2010-04: BioDri Michigan, LLC (BioDri)

Ed Reed, MEDC Business Development Manager, provided background information and introduced the guest presenters; Dan Young, CEO, BioDri; Jae Guetschow, Village President, Village of Blissfield; Jim Wonacott, Village Administrator, Village of Blissfield; Jim Gartin, President and CEO, Lenawee EDC; Tim Robinson, COO, Lenawee EDC; and Gary McDowell, Mayor, City of Adrian.

Mr. Young thanked the Board, the City of Adrian, and Blissfield Township, then spoke about why BioDri was interested in Michigan rather than Florida. Mr. Young talked about his delight with Michigan’s incentive package which offers what BioDri needs. Mr. Young explained how BioDri uses advanced heat technology to remove water from virtually anything that contains water. Mr. Young talked about how BioDri can produce pure water without filters and chemicals while using process byproducts as biofuel and feedstock. Mr. Guetschow spoke about the local support for the project and local interest in a pilot project utilizing the BioDri heat technology for local drinking water.

Marcia Gebarowski, MEDC Program Specialist, provided additional information and recommendations. Ms. Gebarowski indicated that the company will invest approximately \$39.5 million and create 337 jobs over the next five years and the company has certified that at least 10% of its total operating expenses are related to research and development.

Recommendation: MEDC Staff recommends a 200% high-technology employment tax credit for three years and a 100% high-technology employment tax credit for two years for up to 337 net new employees in excess of the company’s established base of 0.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-04. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-05: ilumisys, Inc.

Jerome Katz, MEDC Business Development Manager, provided background information for the action and introduced guest presenters; Dave Simon, President, ilumisys; Mike Kidder, VP Marketing, ilumisys; Tom Perring, CFO, Altair; and Pamela Valentik, ED Specialist, City of Troy.

Mr. Simon spoke about the genesis of ilumisys and its core competency of solid-state lighting. Mr. Simon also talked about manufacturing and supply-chain logistics being paramount in selecting a location for operations. Mr. Simon spoke about DTE and six other companies partnering with ilumisys and then thanked the MEGA Board. Ms. Valentik spoke about her pleasure partnering with the MEDC and local tax abatements to support the project.

Jackie Shinn asked for clarification about the MEDC grant going towards this project. Mr. Main responded that it was an effort to get the company an incentive at the front end, rather than after the money has been expended as the MEGA credits provide for.

Ms. Gebarowski provided additional information and recommendations.

Ms. Gebarowski indicated that the company would invest approximately \$7.4 million resulting in the creation of 213 jobs over the next five years as a result of this project. The company has certified that at least 10% of its total operating expenses are related to research and development.

Recommendation: MEDC Staff recommends a 200 percent high-technology employment tax credit for three years and a 100 percent high-technology employment tax credit for four years for up to 213 net new employees in excess of the company's established base of 123.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2010-05. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-06: Magneti Marelli Holding USA, Inc. (MMH USA)

Martina Schlagwein, MEDC Business Development Europe Manager, provided background information for the action and introduced guest presenters; James Rosseau, President and CEO, MMH USA; Anita Cossey, Human Resource Director, MMH USA; Tyler Tennent, Counsel, Dawda Mann; and Laurie Johnson, ED Coordinator, City of Auburn Hills.

Mr. Tennent spoke about MMH USA being a subsidiary of Fiat Holdings, headquartered in Italy. In Michigan MMH USA is focused on research and development, engineering and testing for powertrain and automotive lighting divisions. Mr. Tennent spoke about MMH USA consolidating into one building in either Auburn Hills, MI, Tennessee, or North Carolina. Mr. Tennent thanked Ms. Johnson, Ms. Schlagwein, and Ms. Gebarowski for their outstanding efforts. Mr. Rosseau thanked the MEGA Board for considering MMH USA and the Fiat group. Mr. Rosseau highlighted a mandate from Fiat headquarters promoting a "green as possible" policy for the new consolidated facility. Mr. Rosseau also thanked the city of Auburn Hills for their generosity. Ms. Johnson spoke about Auburn Hills extending their thanks and Auburn Hills City Council approval of property tax abatements.

Ms. Gebarowski provided additional information and recommendations.

Ms. Gebarowski indicated that the company would invest approximately \$4.5 million and create 200 jobs over the next five years as a result of this project. The company has certified that at least 10% of its total operating expenses are related to research and development.

Recommendation: MEDC Staff recommends a 100 percent high-technology employment tax credit for seven years for up to 200 net new employees in excess of the company's established base of 107.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler**

made a motion for approval of Resolution 2010-06. Ms. Corbin seconded the motion. The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED STANDARD MEGA CREDITS:

Resolution 2010-07: Colwell & Salmon Communications, Inc. (C &SC)

Jeff Sand, MEDC Business Development Manager, provided background information for the action and introduced guest presenters; Hemant Raghav, Global Head of Operations, C & SC; Les McCuen, Site Manager, C & SC; and Mark S. Taormina, Director of Planning and Economic Development, City of Livonia.

Mr. McCuen thanked the MEDC and the MEGA Board and talked about adding jobs in Livonia. Mr. Raghav spoke about C & SC's 1989 start in Albany, NY. Mr. Raghav talked about Michigan's most attractive quality—"eagerness of workforce." Mr. Raghav spoke about why an eager workforce would excel in C & SC's intensive 30 day training program. Mr. McCuen spoke about what kind of work the new jobs would entail, including loan assistance and modifications over the phone.

Mr. Main asked if C & SC's clients were the banks. Mr. McCuen confirmed that was the case. Mr. Herman asked for clarification on the investment. Mr. McCuen clarified that the company would be making an overall investment of approximately \$4.9 million.

Mr. Taormina thanked the MEDC and the MEGA Board and stated that a company like this can set up shop anywhere.

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

Mr. Santer indicated that the company would invest approximately \$4.9 million and create 502 jobs over the next five years as a result of this project.

Recommendation: MEDC Staff recommends a 50 percent employment tax credit for four years for up to 502 net new employees in excess of the company's established base of 30.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Ms. Shinn made a motion for approval of Resolution 2010-07. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-08: Quality Metalcraft, Inc. (QMI)

Jeff Sand provided background information for the action and introduced guest presenters; Scott Bain, CFO, QMI; and Mark S. Taormina, Director of Planning and Economic Development, City of Livonia.

Mr. Bain spoke about QMI and what industries they participate in, including transferable alternative energy and military. QMI focuses on high level engineering of aerodynamic fairings that can improve efficiency by up to 11-12%. In Michigan QMI's focus is on the engineering and manufacturing of aerodynamic fairings. Mr. Taormina thanked the MEDC and the MEGA Board supporting this "Aerofficient" project and then talked about the local property tax abatement support by the City of Livonia in the form of a PA 198.

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

Mr. West indicated that the company would invest approximately \$1.7 million and create 64 jobs over the next five years as a result of this project.

Recommendation: MEDC Staff recommends an 80 percent employment tax credit for five years for up to 64 net new employees in excess of the company's established base of 186, subject to the following: The ability to execute the MEGA credit agreement is contingent on QMI's award of the Aerofficient contract, expected to be received February 2010.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-08. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-09: Tata Consultancy Services Ltd. (TCS)

Kelly Rogers, MEDC Targeted Initiatives Manager, provided background information for the action and introduced guest presenters; Dharmesh Gandhi, Senior General Manager Finance, TCS; Krish Srinivasan, Associate Vice President, TCS; Sampathkumar Rajagopalan, Director, TCS; and Scott Walker, CEO, Midland Tomorrow.

Mr. Rajagopalan spoke about TCS doing a number of outsourcing services. For this project, TCS will be working primarily for Dow Chemical. TCS intends to build a service oriented center in Midland, MI. Mr. Walker thanked the MEDC and the MEGA Board for their support and spoke about how exciting it was for a company like TCS to locate in Michigan when they could locate anywhere in the world. Mr. Walker stated that Midland was supportive of the project in the form of a property tax abatement.

Mr. Santer, provided additional information and recommendations.

Mr. Santer indicated that the company would invest approximately \$12.5 million and create up to 500 jobs in the initial phase of their Business Process Service Center. In a subsequent phase, TCS plans to create 750 additional jobs in support of the project.

Recommendation: MEDC Staff recommends a 100 percent standard employment tax credit for 10 years for up to 1,250 net new employees in excess of the company's established base of 300, provided that the company creates 500 Qualified New Jobs by the end of the seventh credit year, otherwise the remaining credits will be forfeited. A look-back period will be established as of November 2, 2009, or 90 days prior to the execution of the Credit Agreement, whichever is shorter.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-09. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2010-010: AxleTech, LLC (AT)

Jerome Katz, MEDC Business Development Manager, provided background information for the action and introduced guest presenters; Jeff Armfield, Senior Manager, AT; and Pamela Valentik, ED Specialist City of Troy.

Mr. Armfield spoke about AT being a genuine Michigan success story consolidating four facilities into one facility in Troy, MI. Mr. Armfield stated that the business had been unprofitable at one time but is now growing successfully and will continue to succeed, if the credit is approved. Ms. Valentik spoke about the local property tax abatement support and how she was ecstatic to be in front of the MEGA Board.

Mr. West, provided additional information and recommendations.

Mr. West indicated that the company would invest approximately \$5.4 million and retain up 107 jobs over the next five years.

Recommendation: MEDC Staff recommends a 50 percent standard employment tax credit for 5 years for up to 107 qualified retained employees, subject to the following: Provided that the company and associated companies maintain a total statewide employment threshold of 2,334 full-time employees, including the 107 qualified retained employees for this project, for the term of the credit. Failure to do so will result in the remaining years to be forfeited. Investment made

prior to the MEGA Board approval (approximately \$750,000) will not be considered eligible capital investment for purposes of this project and will not be part of the retention MEGA calculation.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Retention MEGA Credit and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2010-010. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED BROWNFIELD WORK PLAN APPROVALS:

Resolution 2010-011: City of Wyandotte-2704 Biddle Ave Redevelopment

Joe Martin, MEDC Business Development Manager, provided background information for the action and introduced guest presenters; Steve Willobee, Consultant, SME Inc.; and Rob Hunt, Developer.

Mr. Hunt talked about the project not being possible without the MEDC and the Brownfield program. Mr. Hunt stated that the redevelopment site is an old Firestone building which is currently obsolete. Mr. Willobee spoke about Mr. Todd Drysdale, Director of Finance & Administration, City of Wyandotte, being sorry that he could not attend the meeting, but that the City was very supportive of this project.

Ms. Czarnecki, Community Assistance Manager, provided additional information and recommendations.

Ms. Czarnecki indicated that the company would invest approximately \$1 million and that up to 15 jobs were expected to be generated from the project.

Recommendation: MEDC Staff recommends approval of local and school tax capture for the eligible activities totaling \$118,750, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$103,727.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan and recommends approval. Mr. Anastor stated that there was one contingency—that the City of Wyandotte would transfer or sell the mentioned property for the project by February 1st. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-011. Mr. Lockwood seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED MEGA AMENDMENTS:

Resolution 2010-012: Brembo North American Homer, Inc.

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

Ms. Campbell indicated that the original project was anticipated to create 176 qualified new jobs at the Albion Township (Homer) facility, and 42 qualified new jobs at the headquarters in Novi, creating a total of 218 qualified new jobs above the company's statewide base employment of 137. The qualified new jobs would pay an average weekly wage of \$874. The project would also retain 107 jobs at the Homer facility paying an average weekly wage of \$991. On October 14, 2008, the MEGA Board approved an amendment to the Agreement, as the company revised its original project into a consolidation project at a site in Plymouth Township, Wayne County. Additional changes to the Agreement included revising the statewide base from 137 to 129, which was consistent with their terms letter, and revising the average weekly wage for the 107 retained jobs at the Albion Township (Homer) site from \$991 to \$811.

Recommendation: MEDC Staff recommends the approval of the credit transfer from Brembo North America Homer, Inc. to Brembo North America, Inc.

Board Discussion: Mr. Lockwood gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed MEGA amendment and recommends approval. Mr. Main asked if there were any questions from the Board. Being none, **Mr. Lockwood made a motion for approval of Resolution 2010-012. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

DISCUSSION: Governor Granholm thanked the MEGA Board and the companies in attendance for choosing Michigan and spoke about the people of Michigan being very grateful for their investment and commitment. Governor Granholm praised the MEDC and the MEGA Board for their efforts and stated that these investments would not be possible without these tax credits. Governor Granholm concluded by thanking all of the companies in attendance for their investment in Michigan, and for bringing jobs back into the State.

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