

A G E N D A

NORTHERN NEXUS
(Grand Traverse Next Michigan Development Corporation)

Thursday, June 26, 2014 – 1:30 p.m.
Governmental Center, 400 Boardman Avenue
Second Floor – Commission Chambers
Traverse City, MI 49684

1. ORDER OF BUSINESS

- a. Approval of May 29, 2014 Minutes 1-2

2. PUBLIC COMMENT/INPUT

Any person shall be permitted to address a meeting of the Grand Traverse Next Michigan Development Corporation (NMDC), which is required to be open to the public under the provisions of the Michigan Open Meetings Act, as amended. (MCLA 15.261, et. seq.) Public comment shall be carried out in accordance with the following Rules and Procedures:

- Any person wishing to address the NMDC shall state his or her name and address.
- Persons may address the NMDC on matters, which are relevant to NMDC issues.
- No person shall be allowed to speak more than once on the same matter, excluding time needed to answer NMDC questions. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes; except as follows:
 - › Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.
 - › Whenever a group wishes to address the NMDC, the Chairperson may require that the group designate a spokesperson; the Chairperson shall control the amount of time the spokesperson shall be allowed to speak, which shall not exceed fifteen (15) minutes.

3. REPORTS / Receive and File Communications

- a. Public Hearing - Quantum Sails Request for Abatement 3
- b. Staff Review of Abatement Request 4-8

4. PUBLIC COMMENT/INPUT

Refer to Rules under PUBLIC COMMENT/INPUT above.

5. NOTICES

6. ADJOURNMENT

GRAND TRAVERSE COUNTY
NEXT MICHIGAN DEVELOPMENT CORPORATION (NMDC)

May 29, 2014

Easterday called the meeting to order at 1:30 p.m. in the Commission Chambers in the Governmental Center.

MEMBERS PRESENT: Jeanine Easterday, Chuck Korn (1:32 p.m.), Herb Lemcool, Glen Lile and Patrick Pahl

STAFF PRESENT: Marcia Carmoney, Jean Derenzy and John Sych

APPROVAL OF MINUTES

Pahl requested the name listed underneath the signature line be changed to Chuck Korn.

Moved by Pahl, seconded by Lemcool to approve the February 27, 2014 NMDC minutes as amended. **Approved unanimously.**

PUBLIC COMMENT

None

REPORTS/RECEIVE & FILE COMMUNICATIONS

A. 2013 Annual Report

Sych indicated the draft 2013 Annual Report for the Next Michigan Development Corporation is ready to be sent out.

Moved by Korn, seconded by Pahl to approve the 2013 Annual Report for the Next Michigan Development Corporation as presented. **Approved unanimously.**

B. Marketing – Name, Logo, Website Presentation

On March 26, Flight Path Creative unveiled the new name, Northern Nexus, and logo for the Next Michigan Development Corporation. Since a quorum was not present at the March 26 meeting, no action was taken. Art Bukowski from Flight Path Creative spoke about the new name, logo and presented the website. The website is not complete, but is anticipated to go live in June.

Moved by Lemcool, seconded by Easterday to approve the use of the new name, Northern Nexus, for the Grand Traverse Region Next Michigan Development Corporation. **Approved unanimously.**

C. New Tax Abatement Application – QSDG Manufacturing

The NMDC received its first tax abatement application. The applicant is Quantum Sails. Derenzy gave an overview of the company's history, and reviewed the application process. Streamlining the abatement process and communicating with the taxing jurisdictions was discussed.

Moved by Lemcool, seconded by Lile to establish a public hearing for the June 26, 2014 meeting for consideration of a tax abatement request by QSDG Manufacturing.

Approved unanimously.

PUBLIC COMMENT

None

NOTICES

None

ADJOURNMENT

Meeting adjourned at 2:50 p.m.

Chuck Korn, Chair

NOTICE OF PUBLIC HEARING
NORTHERN NEXUS BOARD

PLEASE TAKE NOTICE THAT a Public Hearing shall be held before the Grand Traverse Region Northern Nexus board (formerly Next Michigan Development Corporation) on **Thursday, June 26, 2014 AT 1:30P.M.** in the Governmental Center Commission Chambers, second floor, 400 Boardman Avenue, Traverse City, MI. This public Hearing is to allow for Public Comment on the proposed creation of a Tax Abatement for Quantum Sails Manufacturing located at 1576 International Drive, Traverse City, MI 49686, pursuant to and in accordance with the provisions of the Industrial Facilities Tax Abatement process, Public Act 198 of the Public Acts of the State of Michigan of 1974, as amended.

Quantum Sails is the second largest maker of sails in the country, having been in operation since 1996. Tax Abatement request will allow new equipment to be purchased, which will provide new technology for training of current employees and the hiring of an additional eight full-time employees.

The Northern Nexus Board encourages citizen participation and wishes to obtain the view and comments on the proposed project. Further information, including project application is available for public inspection by contacting Jean Derenzy, Deputy Director of Planning and Development at 922-4513 in the Office of Planning and Development, 400 Boardman Avenue, Traverse City, Michigan. All aspects of the project will be open for discussion at the public hearing.

GRAND TRAVERSE COUNTY WILL PROVIDE NECESSARY REASONABLE AUXILIARY AIDS AND SERVICES, SUCH AS SIGNERS FOR THE HEARING IMPAIRED AND AUDIO TAPES OF PRINTED MATERIALS BEING CONSIDERED AT THE METING TO INDIVIDUALS WITH DISABILITIES AT THE PUBLIC HEARING UPON TWENTY-FOUR (24) HOURS NOTICE TO GRAND TRAVERSE COUNTY. INDIVIDUALS WITH DISABILITIES REQUIRING AUXILIARY AIDS OR SERVICES SHOULD CONTACT THE GRAND TRAVERSE COUNTY CLERK BY CALLING AS FOLLOWS:

BONNIE SCHEELE, CLERK
GRAND TRAVERSE COUNTY
231-922-4760

NORTHERN NEXUS Agenda Item

SUBJECT: Quantum Sails – Request for Abatement
FROM: Jean Derenzy
FOR MEETING DATE: June 26, 2014

SUMMARY OF ITEM TO BE PRESENTED:

As reported at your May meeting, Quantum Sails has provided an application for consideration for personal property tax abatement. Notice has been published in the Record Eagle and notice provided to all taxing jurisdictions. As a reminder this notice to taxing jurisdictions is new with the goal of working with all public taxing jurisdictions to become more aware of abatements and impact.

Request: Quantum Sails has purchased a new machine to make the sail membrane completely at the Traverse City location. The new equipment will allow the sail to be made in the United States, a feature very important to the end user. The cost of the equipment was \$382,000. Equipment was purchased in January, delivered to the business in February or March.

Impact on Taxing Jurisdictions: Quantum Sails received a 4 year tax abatement for personal property and an 8 year real property abatement in 2006 through the East Bay Township Board. This abatement was awarded when Quantum Sails first moved their headquarters to Traverse City, making investment into the current building (real property investment allowing for the 8 year abatement) and making investment in equipment.

The investment made in 2014 is \$382,000 for the new equipment to make the membrane for sails. The job creation is anticipated to be 8 new jobs working first and second shift.

Provided on Attachment A is a breakdown of projected impact on each taxing jurisdiction if this abatement were provided. It is noted that Special Assessments and Debt are not abated. Each year a depreciation value was placed on the equipment to have a more realistic perspective on the impact over a three year period. The abatement value is anticipated to be \$12,207.97 over a 3 year period.

Scoring of Request: I have attached the scoring sheet as created by this Board. Based on the investment and impact, the total score came to 25 total points. Based on the points the Personal Property Abatement is eligible for a 3 year tax abatement.

Required Follow-up: Per policy should abatement be granted, follow-up will occur to ensure that new jobs as identified will be hired and file kept ensuring compliance by the Northern Nexus staff.

RECOMMENDATION: Based on the above outlined information, Quantum Sails meets the threshold of positive impact and is recommended to be granted a 3 year personal property abatement.

INDUSTRIAL FACILITIES TAX CERTIFICATE DURATION

POINTS	PERSONAL PROPERTY	REAL PROPERTY
0-24	0 years	0 years
25-49	3 years	6 years
50-74	4 years	8 years
75-100	6 years	12 years

Score Sheet

Grand Traverse Next Michigan Development Corporation Tax Abatement Score Sheet

	Points Available	Points Awarded	Notes
Jobs			
Retained			
0-10	5		
11-25	10	10	20 jobs will be retained encouraging new growth. Benefits include health, dental, life and 401K packages. The other component of this company is that almost 90% of employees are sail or become sail enthusiasts. Understanding the importance of quality in the product.
26-50	15		
51-100	20		
101+	25		
Created			
0-10	5	4	8 jobs will be created
11-25	10		
26-50	15		
51-100	20		
101+	25		
TOTAL POINTS	50		
Private Investment			
Personal Property			
\$0 - \$500,000	5	4	\$382,000 of new equipment
\$500,001 - \$2M	10		
\$2M - \$5M	15		
\$5M +	20		
Real Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10		
\$2M - \$5M	15		
\$5M +	20		
TOTAL POINTS	40		
Industry/Building			

Industry and Location Compatible with Master Plan	0-2	2	Property is located in Industrial Park. Property has ability to expand should additional square footage be required.
Public Services Required	0-4	4	Rated 0-4 based on how much increase in public expenditures will be required to service the proposed development and the support of those services, with 4 being no additional public expenditures for, but not limited to, water, sewer, police, fire and/or code enforcement and applicant utilizing public water, sewer, and power and 0 being public expenditures in 4 or more areas and applicant not utilizing public water, sewer, and power.
Exterior Appearance	0-4	1	Rated 0-4 based on the aesthetic design of building and grounds enhancing the community with 4 being an innovative design which improves the neighborhood in all senses and 0 being basic design which meets minimum legal standards.
TOTAL POINTS	10		
Total Score	100		

\$382,000 \$ 362,900.00 \$344,755.00
 2014 2015 2016
 \$ 382,000 Machinery & Equipment

Tax	Millage	2014			2015			2016		
		Paid With Abatement	Paid No Abatement	Difference	Paid with Abatement	Paid No Abatement	Difference	Paid with Abatement	Paid No Abatement	Difference
Comm. On Aging	0.5	86	191	105	82	181	100	78	172	95
Medical Care	0.6595	113	252	139	113	239	126	102	227	125
College	2.17	373	829	456	354	787	433	337	748	411
College Debt	0.74	283	283	0	269	269	0	255	255	0
CoA Senior	0.1	17	38	21	16	36	20	16	34	19
BATA	0.3454	59	132	73	56	125	69	54	119	65
Library Operating	0.9548	164	365	201	156	346	191	148	329	181
Library Debt	0.1502	57	57	0	55	55	0	52	52	0
East Bay Operating	0.7348	126	281	154	120	267	147	114	253	139
Fire SA	2.959	1,130	1,130	0	1,074	1,074	0	1,020	1,020	0
TBA ISD	2.9312	504	1,120	616	479	1,064	585	455	1,011	556
SET	6	1,031	2,292	1,261	980	2,177	1,198	931	2,069	1,138
School Debt	3.1	1,184	1,184	0	1,125	1,125	0	1,069	1,069	0
County	4.9838	857	1,904	1,047	814	1,809	995	773	1,718	945
Road	I	172	382	210	163	363	200	155	345	190
Total		27,3287	Savings to Company	\$4,281.73		4,062			3,864	
				2014						2016