

**A G E N D A**

**NORTHERN NEXUS**  
**(Grand Traverse Next Michigan Development Corporation)**

**Thursday, September 25, 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 June 26, 2014 Minutes ..... 1-2
- b. Approval of August 28, 2014 Minutes..... 3

**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. New Application - Electro-Optics Technology Inc. ....4-10
- b. Marketing Information (hand-out to be provided at meeting)

**4. PUBLIC COMMENT/INPUT**

Refer to Rules under PUBLIC COMMENT/INPUT above.

**5. NOTICES**

**6. ADJOURNMENT**

NORTHERN NEXUS  
Grand Traverse County Next Michigan Development Corporation

June 26, 2014

Chair Korn called the meeting to order at 1:49 p.m. in the Commission Chambers located in the Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

MEMBERS PRESENT: Jeanine Easterday, Chuck Korn and Herb Lemcool

STAFF PRESENT: Marcia Carmoney, Jean Derenzy and John Sych

OTHERS PRESENT: Tom Menzel, Gail Parsons and Ann Pearsall

EXCUSED Glen Lile and Patrick Pahl

APPROVAL OF MINUTES

**Moved** by Easterday, seconded by Lemcool to approve the May 29, 2014 NMDC minutes as presented. **Approved unanimously.**

PUBLIC COMMENT

None

STAFF REVIEW OF ABATEMENT REQUEST

As outlined by Derenzy, Quantum Sails has provided an application for consideration of personal property tax abatement. The company invested \$382,000 into new equipment this year and anticipates 8 new jobs will be created. The abatement value is anticipated to be \$12,207.97 over a 3-year period.

PUBLIC HEARING – QUANTUM SAILS REQUEST FOR ABATEMENT

Korn opened the Public Hearing at 1:59 p.m.

Tom Menzel, Executive Director for Bay Area Transportation Authority – support abatement  
Gail Parsons, Interim Director for Traverse Area District Library – support abatement

Korn closed the Public Hearing at 2:01 p.m.

**Moved** by Lemcool, seconded by Easterday that 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. **Approved unanimously.**

PUBLIC COMMENT

Gail Parsons thanked Derenzy for sending the information about the hearing.

NOTICES

None

ADJOURNMENT

Meeting adjourned at 2:08 p.m.

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Chuck Korn, Chair

NORTHERN NEXUS  
Grand Traverse Region Next Michigan Development Corporation (NMDC)

August 28, 2014

Lemcool called the meeting to order at 1:36 p.m. in the Commission Chambers located in the Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

MEMBERS PRESENT: Herb Lemcool, Glen Lile and Patrick Pahl

STAFF PRESENT: Marcia Carmoney, Jean Derenzy and John Sych

EXCUSED: Jeanine Easterday

ABSENT: Chuck Korn

PUBLIC COMMENT

None

STAFF UPDATE ON PROJECTS

Current Business Project. Derenzy indicated that a second request for consideration of tax abatement has been filed. It is anticipated that the request will be brought to the September meeting. Discussion continued in regards to streamlining the process.

Projects being worked on through Strategic Plan and Community Development. Derenzy and Sych reported on the draft Grand Traverse Region NMDC Strategic Plan and the Community Development Services Agreement, both of which are interrelated. The need for an economic development organization and the development of an economic strategy was discussed. Lemcool suggested that one or more NMDC Board Members attend the Manufacturing Day event to be held on October 3, 2014 in Traverse City.

MINUTES

It was the consensus of the Board to move the approval of the June NMDC minutes to the September meeting.

PUBLIC COMMENT

None

ADJOURNMENT

Meeting adjourned at 2:11 p.m.

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Chuck Korn, Chair

## **Northern Nexus Agenda Item**

SUBJECT: New Application – Electro-Optics Technology Inc.  
FROM: Jean Derenzy, Deputy Director Planning & Development  
FOR MEETING DATE: September 25, 2014

### **SUMMARY OF ITEM TO BE PRESENTED:**

We have received our second application for consideration by the Northern Nexus Board. The application comes from Electro-Optics Technology (EOT) for expanding their current business. Meetings and phone conversations have occurred with this business since March 2014.

Currently EOT resides at 5835 Shugart Lane, off of East Traverse Highway in Long Lake Township. Business is currently in a position to invest significantly into our community to expand to handle the work load that has been realized since moving their business from California.

Owner, David Scerbak founded EOT in Silicon Valley in 1987, moving the business to Traverse City in 1992. Electro-Optics supplies enabling components and diagnostic equipment worldwide for manufactures and users of high power laser systems. Focus is on OEM and custom applications utilizing experienced group of engineers and technicians. Approximately 80% of EOT's sales is international. Method of transportation is primarily air, with road being a component as well.

Expansion Plans: Plans are to build a new building in Peninsula Business Park on a 5.77 acre site in East Bay Township. Private investment is approximately \$3.8Million; of which \$1.1 million relates to a clean room. A clean room is a controlled environment that has a low level of pollutants such as dust, airborne microbes, aerosol particles, and chemical vapors.

Expansion will create 25 new job and 75 jobs will be retained. The quality of the jobs range from a high of \$40.00 per hour to a low end of \$15.00 per hour with job benefits making these jobs attractive (attached to the application to the explanation of benefits).

Coordination with local services: Northwestern Michigan College (NMC) has assisted EOT in the past to create 19 jobs through NMC's job training services. With the creation of 25 new jobs will require employees with educational background in photonics which NMC currently offers. Higher educated requirements (engineers and/or machinist) will require advanced degrees with specific technical knowledge. Added workforce to Grand Traverse County is an important added value to our County and region.

Added Considerations: This is an important business to Grand Traverse County to retain and help expand. In my opinion it is critical that Grand Traverse County work with our current employers and to ensure that we keep companies in our region. For a company to invest over

\$2 million into our County to expand and be recognized as the headquarters for the business is a fact that needs to be embraced and tracked for the “domino effect” of economic development in our community.

As a reminder of the process for reviewing request for abatements:

**Process:**

1. Applicant meets with Staff to ensure proposal meets criteria
2. NMDC considers complete application in accordance with adopted criteria
3. If acceptable, NMDC approves resolution for district (PA 198)/exemption (PA 206) contingent upon local government review
4. Within 10 days of approval, NMDC submits resolution to Local Government
5. Within 45 days of receipt, Local Government, by resolution, may disapprove.
6. After 45 days, if there is no resolution to disapprove, district/exemption is approved

**Policy** Attached is the policy/score sheet that staff will complete, should a public hearing be granted. Based on the information provided by the company staff is recommending the following:

**RECOMMENDATION:** Establishment of a public hearing for the October 23, 2014 meeting for consideration of a tax abatement request by Electro-Optics Technology.

**GRAND TRAVERSE REGION NEXT MICHIGAN DEVELOPMENT CORPORATION**  
**APPLICATION FOR INDUSTRIAL FACILITIES TAX EXEMPTION**  
**PA 275 of 2010**



Please provide information in the areas listed below, if available. (Please attach additional pages if needed)

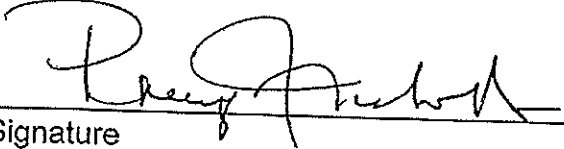
1. Date of Application: 8/28/14

**Business Information:**

2. Name of Applicant: Electro-Optics Technology, Inc.
3. Business Address: 5835 Shugart Lane, Traverse City, Michigan 49684
4. Business Telephone Number: (231) 935-4044 (main)
5. Contact Person(s): Phil Nicholls, Chief Financial Officer (231) 486-1103  
Dave Scerbak, CEO/CTO (231) 668-9038
6. Number of Years Applying for Tax Abatement: 12 Years
7. School District Code: 28010
8. Company Federal Employer Identification Number: 38-3066668
9. Affected Local Governmental Unit(s): Long Lake Township, East Bay Township
10. Property Owner: Reffitt Family Development LLC
11. Property Address: Unkown
12. Parcel Legal Description: Lots 40, 41, 50 of Peninsula Business Park of Fawn Creek
13. Total Acres: 5.77 Acres
14. Describe in detail the history and background of the company: EOT was founded in Silicon Valley in 1987 and moved to Traverse City in 1992. EOT makes enabling products (high tech, highly engineered products) for manufacturers and users of lasers.
15. Describe the project, equipment to be purchased, type of building to be constructed or purchased and any necessary infrastructure improvements, etc.: Construct new building (architecturally, aesthetically designed Butler building 40,000 sq ft ) to meet current and future growth needs. Transfer existing machinery and equipment (\$4.4M, 2.4M NBV) and add state of the art clean room to meet industry high tech standards.

16. Identify the types of activities that will occur in the proposed district: Corporate Headquarters for Worldwide Operations. Research & Development, Design and Manufacture of laser components.
17. What is the expected total private dollar investment (building and equipment, etc.)?  
\$3.8 million (\$2.7 million building, \$1.1 Clean room)
18. When will investment for this project be completed? 6 months (*dependent on weather*)
19. How many new jobs will be created at the facility? 25
20. By what date will all of the proposed jobs be created? 15 first six months, 10 next year
21. Describe the type of new jobs and the average weekly wage:
 

Engineers	\$30-40/hr
Machinist	\$20-25/hr
Photonics	\$15/hr
22. What is your current workforce at the facility? 72 employees
23. Describe the benefit package provided to the employees: *see attached exhibit*
24. Does company have ownership or control of the property? Yes
25. What will be the anticipated economic impact on the community? Expanded use of airport for shipping and travel. (80% Sales International). Expanded use of local businesses and supply chain. Utilize College resources and maintain highly skilled workforce in a high tech industry.
26. Describe the impact of the creation of jobs for this project relative to the employment base of the community rather than the static number of jobs created: High tech, highly skilled jobs. Will require employees with educational backgrounds in Photonics (NMC). Some may require advanced degrees with specific technical knowledge.
27. Identify all public programs, public funding sources and public incentives that will be utilized (if applicable): None
28. Identify any infrastructure and/or physical requirements that need to be implemented to make the project viable (if applicable): None
29. Existing State Equalized Value (SEV) and Taxable Value of the property: \_\_\_\_\_
30. Total millage rate and a breakdown of millages levied: \_\_\_\_\_
31. Are taxes current? Yes

  
 \_\_\_\_\_  
 Signature  
  
 \_\_\_\_\_  
 Title

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 CHIEF FINANCIAL OFFICER



Electro-Optics Technology, Inc Benefits  
2014 Benefit Year

- Medical and Prescription Health Insurance
  - Company provided for employee
  - 50% paid for dependents
- Dental (voluntary)
- VSP Vision (voluntary)
- Life Insurance, term life and AD&D – company provided
  - Voluntary Life/AD&D
- AD&D (Cigna) – voluntary
- Short Term Disability – company provided
- Simple IRA w/ 3% match
- AFLAC
- Flexible Spending Account
- Profit Sharing – discretionary
- Paid Time Off (15 days per year, 1<sup>st</sup> 4 years), accrual increases as employee tenure increases
- 9 Holidays

5835 Shugart Lane Traverse City, MI 49684

231/935-4044 800/697-6782 FAX: 231-935-4046  
email: [sales@eotech.com](mailto:sales@eotech.com) Internet: [www.eotech.com](http://www.eotech.com)

## 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
<b>Jobs</b>			
<b>Retained</b>			
0-10	5		
11-25	10		
26-50	15		
51-100	20		
101+	25		
<b>Created</b>			
0-10	5		
11-25	10		
26-50	15		
51-100	20		
101+	25		
<b>TOTAL POINTS</b>	<b>50</b>		
<b>Private Investment</b>			
<b>Personal Property</b>			
\$0 - \$500,000	5		
\$500,001 - \$2M	10		
\$2M - \$5M	15		
\$5M +	20		
<b>Real Property</b>			
\$0 - \$500,000	5		
\$500,001 - \$2M	10		
\$2M - \$5M	15		
\$5M +	20		
<b>TOTAL POINTS</b>	<b>40</b>		
<b>Industry/Building</b>			
Industry and Location Compatible with Master Plan	0-2		
Public Services Required	0-4		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.
<b>TOTAL POINTS</b>	<b>10</b>		
Total Score	100		