

A G E N D A

NORTHERN NEXUS
(Grand Traverse Region Next Michigan Development Corporation)

Thursday, October 30, 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 September 25, 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. Staff Review of Abatement Request 3-6
- b. Public Hearing – Electro-Optics Technology Request for Abatement 7

4. PUBLIC COMMENT/INPUT

Refer to Rules under PUBLIC COMMENT/INPUT above.

5. NOTICES

6. ADJOURNMENT

NORTHERN NEXUS
Grand Traverse Region Next Michigan Development Corporation

September 25, 2014

Vice Chair Easterday called the meeting to order at 1:33 p.m. in the Commission Chambers located in the Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

MEMBERS PRESENT: Jeanine Easterday, Glen Lile and Patrick Pahl

STAFF PRESENT: Marcia Carmoney, Jean Derenzy and John Sych

OTHERS PRESENT: Phil Nicholls of Electro-Optics Technology, Inc.

EXCUSED: Herb Lemcool

ABSENT: Chuck Korn

APPROVAL OF MINUTES

Moved by Pahl, seconded by Lile to approve the June 26, 2014 NMDC minutes as presented.
Approved unanimously.

Moved by Lile, seconded by Pahl to approve the August 28, 2014 NMDC minutes as presented.
Approved unanimously.

PUBLIC COMMENT

None

REPORTS/RECEIVE & FILE COMMUNICATIONS

New Application - Electro-Optics Technology Inc.

Electro-Optics Technology, Inc. (EOT) has requested consideration for a 12-year tax abatement. Derenzy gave an overview of the company which supplies enabling components and diagnostic equipment worldwide for manufacturers and users of high power laser systems. In order to meet current and future growth needs, EOT plans to construct a 40,000 sq. ft. building, including a state of the art clean room, in East Bay Township, creating 25 new jobs. EOT's Chief Financial Officer, Phil Nicholls, presented the project.

Moved by Pahl, seconded by Lile to establish a public hearing for the October 23, 2014 meeting for consideration of a tax abatement request by Electro-Optics Technology.
Approved unanimously.

Marketing Information

Sych supplied a hand-out to the Board for their consideration as a marketing tool to promote Northern Nexus. Sych also provided a MEDC hand-out which explains the phase-out of the state's personal property tax.

PUBLIC COMMENT

None

NOTICES

None

ADJOURNMENT

Meeting adjourned at 2:20 p.m.

Chuck Korn, Chair

NORTHERN NEXUS AGENDA ITEM

SUBJECT: Electro-Optics Technology – Request for Abatement
FROM: Jean Derenzy, Deputy Director Planning and Development
FOR MEETING DATE: October 30, 2014

SUMMARY OF ITEM TO BE PRESENTED:

As reported at your September meeting, Electro-Optics Technology (EOT) has made application for consideration for personal and real 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 to achieve the Board's goal of working with all public taxing jurisdictions to become more aware of abatements and impact.

Request: EOT has outgrown their current building in Long Lake Township. The importance of retaining and expanding our current businesses is a priority for this Board. EOT has expanded to a current work force of 75 and adding over 25 with this expansion. It is the goal of the business, with the ability to build a clean-room, to expand what is currently being offered through the business opening up a new market for the business (possibly employing more than 25 employees).

Impact on Taxing Jurisdictions:

The anticipated investment based on the project costs received from construction companies is \$4,000,000. The job creation is anticipated to be 25; with the first 15 employees being hired in the first 6 months and 10 in the following year. As identified last month, the benefit package is attractive to retain and attract employees.

A component that staff is working on is not just the new jobs created, but also the indirect result of the direct jobs retained and created; meaning for every job retained and created how many spin-off jobs are created. To look at abatements, it is not solely the impact on the business, but on the personal wealth that will be brought to the region with new employees; the spin-off jobs that are created due to the expansion; and the regional impact by retaining and expanding. I am working with Northwestern Michigan College and UpJohn Institute in creating an input model for business expansion cases and new businesses coming in to allow the data to be inputted and a report provided to show the economic impact.

At this time, understanding the importance of ensuring that the business stay in Grand Traverse County and retain the employees (75 currently) and create 25, increasing the tax base is the model that staff will be able to provide.

EOT provides enabling components and diagnostic equipment worldwide for manufacturers and users of high power laser systems. Approximately 80% of EOT's sales is international, with the

remaining 10% being shipped within the United States. Knowing that 100% of the product is out of Grand Traverse County, is an important component as the production of end product could be produced outside of the County. Ensuring that the company stays and expands is our goal.

Northwestern Michigan College has assisted EOT in the past to create 19 jobs through NMC's job training services. NMC will be relied on to assist in training needs for the Photonic positions that will be created with the expansion project.

The jobs created will be Engineers, Machinist, and Photonics.

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 57 total points. Based on the points the Personal Property Abatement is eligible for 4 years and the real property eligible for 8 years.

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, Electro Optics Technology meets the threshold of positive impact and is recommended to be granted a 4 year personal property abatement and an 8 year real 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		
26-50	15		
51-100	20	17	Company currently has 72 employees
101+	25		
Created			
0-10	5		
11-25	10	10	With the project expansion 25 new jobs will be created
26-50	15		
51-100	20		
101+	25		
TOTAL POINTS	50		
Private Investment			
Personal Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10	10	Estimated \$1.3 will be invested in clean room
\$2M - \$5M	15		
\$5M +	20		
Real Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10		
\$2M - \$5M	15	10	\$2.7 of new investment into building
\$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	4	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	57	
Total Score	100		

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 on **Thursday, October 30, 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 a proposed Tax Abatement for business expansion for Electro-Optics Technology, Inc. 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.

Electro-Optics Technology, Inc. supplies enabling components and diagnostic equipment worldwide for manufacturers and users of high-powered laser systems. Tax Abatement request will allow the expansion plan of building a new facility in Peninsula Business Park located in East Bay Township. This expansion will create 25 new jobs, with 75 jobs retained.

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