

## **ADOPTED MINUTES**

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on July 25, 2007.

### **MEMBERS PRESENT:**

Keith Cooley  
James Epolito  
Linda Ewing  
James Herbert  
Paul Hodges (via phone)  
Robert Kleine  
Jeff Leithauser (via phone)  
Charles Rothstein  
Jay Shah

### **MEMBERS ABSENT:**

George Jackson  
Richard Rassel

### **CALL TO ORDER:**

The meeting was called to order at 2:10 p.m.

Paul Hodges and Jeff Leithauser joined the Board meeting via phone.

### **ADOPTION OF MINUTES:**

Jay Shah moved that the June 27, 2007 minutes be approved. Keith Cooley seconded the motion. The motion carried.

### **PUBLIC COMMENT:**

There was no public comment.

John Czarnecki advised the Board that a revised agenda was before the Board. Item D.2. - L'Anse Warden Electric Company, LLC action was being deferred as the company was unable to attend the Board meeting. Item D.6. - would be presented at the end of the Board meeting as Jeff Leithauser was to be recused and was attending via phone.

Robert Kleine motioned approval for the revised agenda. Linda Ewing seconded the motion. The motion carried.

### **COMMUNICATION:**

John Czarnecki advised the Board that letters of recusal had been received from Jeff Leithauser (recusal from Agenda Item D.6 - Goodwill Industries of Greater Grand Rapids, Inc.) and Richard Rassel (recusal from Agenda Item F.1 - Arab American and Chaldean Council).

## **21st Century Jobs Fund Program**

### **Resolution 2007-092 - Interest Rate Modification Policy**

This action is further described in proposed Resolution 2007-092.

Cindy Douglas provided the Board with background information on this action.

As part of the 21st Century Jobs Fund competitive grant and loan process vested within the Strategic Economic Investment and Commercialization Board (SEIC Board), the SEIC Board and the Michigan Strategic Fund Board (MSF Board) previously approved a convertible loan agreement template that included a standard fixed interest rate of 8.25%. Throughout the process of finalizing the loan agreements with the companies, it became apparent that a standard convertible loan feature with an 8.25% interest rate prohibited, in some instances, company growth by limited a company's ability to attract future sources of capital. Accordingly, at its April 11, 2007 meeting, the SEIC Board adopted an Interest Rate Modification Policy to offer nonconvertible loans at a 3% interest rate if a company satisfies the criteria identified in this policy. This policy applies to those companies that have previously entered into convertible loan agreements with the SEIC Board and the MSF Board.

Staff is recommending that the MSF Board acknowledge that upon a company satisfying the criteria stated in this policy and the loan becoming a nonconvertible loan, the MSF Board waives any conversion rights under that particular loan agreement.

Jay Shah questioned if the MSF Board would be notified when a company had satisfied the criteria for loan modification. James Epolito replied that this was a reasonable request and this information would be made available to the MSF Board members.

James Epolito asked if there were any additional questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2007-092. Keith Cooley seconded the motion. The motion carried.

### **PRIVATE ACTIVITY BOND INDUCEMENTS:**

#### **Resolution 2007-093 - TKP Holdings, LLL/Coastal Container Corporation - (Holland, Allegan County) - \$8,000,000 - New - Manufacturing**

This project is further described in proposed Resolution 2007-093.

Tamara Javling, VP, Corporation Operations, provided the Board with background information on this project.

Coastal Container Corporation is a manufacturer of corrugated packaging material. The company is currently leasing a warehousing facility which is inadequate for their manufacturing purposes. The project includes financing the acquisition of land and an approximately 224,000 square foot existing manufacturing, the renovation and rehabilitation of the facility and the acquisition and installation of machinery and equipment.

The company anticipates creating approximately 10-15 more jobs in 2007 and increasing up to 80 additional employees within the next two years.

Linda Ewing inquired about the high average wage rate. There are currently no manufacturing positions being created and that is why the average wage rate is high. Once the manufacturing jobs are created the average wage rate will be lower. The higher end wage rate is effective for 2007 only.

James Epolito asked if there were any additional questions from the Board. There being none, Keith Cooley motioned approval of proposed Resolution 2007-093. Linda Ewing seconded the motion. The motion carried.

**Resolution 2007-094 - Pioneer Investment, LLC/Pioneer Real Estate, LLC/Almond Products, Inc. - (Spring Lake Township, Ottawa County) - \$9,500,000 - New - Manufacturing**

This project is further described in proposed Resolution 2007-094.

John DeMaria, President, and Brian Hoeker, Sales Manager, provided the Board with background information on this project.

Pioneer Investment, LLC/Pioneer Real Estate, LLC/Almond Products, Inc. is a coating operation serving the automotive, appliance, furniture and military industries.

The project includes the acquisition of land, the construction of a 60-80,000 square feet manufacturing facility and the acquisition and installation of machinery and equipment. The project also includes acquiring a 75,000 square foot existing manufacturing facility and the rehabilitation of that facility.

It is anticipated that 42 new jobs will be created at full operation in addition to the 136 jobs that will be retained.

Keith Cooley asked if the current employees would be relocating. Mr. DeMaria advised that the new facility was within 10 miles of the old one.

James Epolito asked if there were any further questions from the Board. There being none, James Herbert motioned approval of proposed Resolution 2007-094. Robert Kleine seconded the motion. The motion carried.

*Please note:*

The L'Anse Warden Electric Company, LLC, project, seeking a \$20,000,000 Private Activity Bond inducement, was deferred from this month's meeting as the company was unable to attend.

Diane Cranmer introduced Ms. Leona Burja, COO of Metal & Welding Industries. Ms. Burja informed the Board of the penalties assessed against the company and explained what steps the company was taking to address the issues raised by MIOSHA. Charles Rothstein suggested that in light of the investigation, Board members might feel more comfortable reviewing the project once the investigation had been completed and a final determination made.

James Epolito asked if there were any questions from the Board. There being none, Charles Rothstein motioned that the application for Metal & Welding Industries, Inc. be tabled until a final

determination had been made of the current investigation. Jay Shah seconded the motion. The motion carried.

**Resolution 2007-095 - Dowding Machining, LLC/Dowding Industries, inc. - (Eaton Rapids, Eaton County) - \$8,000,000 - New - Manufacturing**

This project is further described in proposed Resolution 2007-095.

Christine Dowding, President and Jeff Metts, provided the Board with background information on this project.

Dowding Industries, Inc. will primarily be a production of precision, large specialty machining components, producing large machine components for the alternative energy markets.

The project consists of a new manufacturing facility and the acquisition and installation of machinery and equipment, furniture and fixtures.

The company anticipates creating approximately 50-150 jobs within the next five years.

James Epolito asked if there were any questions. There being none, Robert Kleine motioned approval of proposed Resolution 2007-095. Keith Cooley seconded the motion. The motion carried.

**PRIVATE ACTIVITY BONDS - ISSUING:**

**Resolution 2007-096 - G.A. Richards Company and GA Richards Plant 1.5, LLC - (Grand Rapids, Kent County) - NTE - \$3,500,000 - New & Refunding - Manufacturing**

This project is further described in proposed Resolution 2007-096.

Diane Cranmer provided the Board with background information.

The company is a manufacturer of products for the office furniture industry.

The project includes financing the construction of an approximately 39,827 square foot manufacturing facility and the equipping of the G.A. Richards Company existing manufacturing facility on property adjacent to the new facility. The project also includes the refunding of the company's MSF 1997 Revenue bond.

The company expects to create approximately 5-10 new direct labor jobs in 2008, 5-10 more direct labor jobs in 2009, and an additional 5-10 new direct labor jobs in 2010.

James Epolito asked if there were any questions from the Board. There being none Robert Kleine motioned approval for proposed Resolution 2007-096. Charles Rothstein seconded the motion. The motion carried.

Adopted.

ROLL CALL:

AYES: Keith Cooley, James Epolito, Linda Ewing, James Herbert, Paul Hodges, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah

NAYS: None.

**Resolution 2007-097 - Creative Merchandising Systems, Inc./Twin Birch, LLC - (Kentwood, Kent County) - NTE - \$3,000,000 - New - Manufacturing**

This project is further described in proposed Resolution 2007-096.

Diane Cranmer provided the Board with background information on this project.

The company is a manufacturer of retail display fixtures.

The project includes financing the acquisition of land, the construction of an approximately 65,000 square foot manufacturing facility and the acquisition and installation of machinery and equipment.

It is expected approximately 10-20 new jobs will be created at project completion.

James Epolito asked if there were any questions from the Board. There being none, Keith Cooley motioned approval for proposed Resolution 2007-097. Robert Kleine seconded the motion. The motion carried.

Adopted.

ROLL CALL:

AYES: Keith Cooley, James Epolito, Linda Ewing, James Herbert, Paul Hodges, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah

NAYS: None.

**Resolution 2007-098 - Legal Aid and Defender Association, Inc. (Detroit, Wayne County) - NTE - \$12,640,000 - New - Non-Profit**

This project is further described in proposed Resolution 2007-098.

Diane Cranmer provided the Board with background information on this project.

Legal Aid and Defender Association, Inc. has provided legal services to indigent individuals in Metropolitan Detroit since its inception. They also represent abused, neglected and delinquent children as well as indigent criminal defendants in federal and state courts.

The project includes financing the acquisition, renovation and equipping of (i) adjacent properties containing two office buildings totaling approximately 92,000 square feet of office space and (ii) a 74 space parking lot.

James Epolito asked if there were any questions from the Board. There being none, Keith Cooley motioned approval of proposed Resolution 2007-098. Robert Kleine seconded the motion. The motion carried.

Adopted.

ROLL CALL:

AYES: Keith Cooley, James Epolito, Linda Ewing, James Herbert, Paul Hodges, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah

NAYS: None.

**Resolution 2007-099 - UJF - 15110 West Ten Mile, LLC - (Oak Park, Oakland County) - NTE - \$2,200,000 - New - Non-Profit**

This project is further described in proposed Resolution 2007-099.

Diane Cranmer provided the Board with background information on this project.

The United Jewish Foundation owns, manages and invests Jewish communal assets, including general and endowment funds, agency endowments, supporting foundations and real property.

The project includes financing the acquisition and installation of various energy savings improvements, including, heating, ventilation and air conditioning systems, temperature control systems, building envelope and insulation systems, lighting systems and various plumbing devices.

James Epolito asked if there were any questions from the Board. There being none, Linda Ewing motioned approval of proposed Resolution 2007-099. Robert Kleine seconded the motion. The motion carried.

Adopted.

ROLL CALL:

AYES: Keith Cooley, James Epolito, Linda Ewing, James Herbert, Paul Hodges, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah

NAYS: None.

**PRIVATE ACTIVITY BONDS - OTHER:**

**Resolution 2007-100 - Arab American and Chaldean Council - Amend Inducement Resolution**

Diane Cranmer provided the Board with background information on this project.

The Arab American and Chaldean Council is requesting to have its inducement resolution amended to: 1) extend the expiration date on the remaining portion of its induced amount (\$8,000,000, an inducement amount of \$12,500,000 less the already issued Series 2006 bonds issued in the amount of \$4,500,000) through June 30, 2008; and 2) include the construction of additions to the buildings proposed to be acquired with bond proceeds in both Wayne and Macomb counties. Staff recommends the approval of the amending resolution to extend the expiration date for the induced project to June 30, 2008.

James Epolito asked if there were any questions from the Board. There being none, Keith Cooley motioned approval for proposed Resolution 2007-100. Jay Shah seconded the motion. The motion carried.

**Community Development Block Grant Program - Economic Development Planning:**

**Resolution 2007-101 - Manistee County - Planning Study - \$50,000**

This project is further described in proposed Resolution 2007-101.

John Czarnecki provided the Board with background information on this project.

Manistee County is requesting a \$50,000 CDBG grant to assist with the funding of the study to determine the desirable rail route around the south side of Manistee Lake which will maximize the economic potential for existing and future manufacturers.

After reviewing the proposal, staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program. Staff recommends that an application in the amount of \$50,000 be authorized for Manistee County.

**Community Development Block Grant Program - Job Creation:**

**Resolution 2007-102 - City of Marshall - Tenneco Automotive - \$400,000**

This project is further described in proposed Resolution 2007-102.

John Czarnecki provided the Board with background information on this project.

The city of Marshall is requesting a \$400,000 CDBG grant for road improvements. Tenneco Automotive is currently planning an expansion that will enhance the facility's manufacturing performance and capacity. The expansion plans include the installation of additional dock doors on the north, east and west sides of the building which will be connected to the public road being constructed with CDBG funds. The company will also be increasing warehousing space, new air conditioner and tower rooms and substantial additional parking. The project is expected to result in the creation of 200 new jobs.

**Community Development Block Grant Program - Amendment:**

**Resolution 2007-103 - White Pigeon - Dexter Chassis Group - \$290,000**

John Czarnecki provided the Board with background information on this project.

This project was originally approved by the MSF Board on May 8, 2007. The Board approved a \$180,000 CDBG grant for water, sewer and road construction. The village of White Pigeon has indicated that the original road proposal has been modified due to the needs of Dexter Chassis to locate their facility on the eastern portion of their site due to a new e-coating booth they would like to install.

This change, in addition to the need for separate driveways off the new village road for office and truck traffic, has resulted in the need to construct the new road along the eastern portion of the property rather than the central portion as originally planned. To accomplish these changes the new road needs to run 900 feet off US-12 opposed to the original 265 foot road. The estimates for the new road are \$319,000. The village would contribute \$29,000. The revised CDBG grant amount would be \$290,000.

James Epolito asked if there were any questions from the Board. There being none, Keith Cooley motioned approval of proposed Resolutions 2007-101, 2007-102 and 2007-103. Robert Kleine seconded the motion. The motion carried.

[Jeff Leithauser disconnects from meeting.]

#### **Community Development Block Grant - Status of Funds and Available Balances:**

John Czarnecki provided the Board with an update on the Community Development Block Grant status of funds and available balances.

#### **Private Activity Bond Inducement:**

##### **Resolution 2007-104 - Goodwill Industries of Greater Grand Rapids, Inc. - (Kentwood, Kent County, Plainfield Township, Kent County, Walker, Kent County) - \$10,000,000 - New/Refinancing/Refunding - Non-Profit**

This project is further described in proposed Resolution 2007-104.

Diane Cranmer provided the Board with background information on this project.

Goodwill offers vocational rehabilitation services, job training, and placement services for people with physical and/or mental disabilities and various barriers to employment.

The project includes refinancing existing financing on an existing store location in Kentwood, Kent County, the acquisition of land, the construction of a facility, and the furnishing and equipping of the facility in Plainfield Township, Kent County, and the acquisition of land, the construction of a facility, and the furnishing and equipping of the facility located in Walker, Kent County as well as the costs of issuance for the projects and to refund the MSF 2003 Bond issue.

It is anticipated 31 new jobs will be created as a result of this project.

Meeting adjourned 3:10 p.m.