

MICHIGAN STRATEGIC FUND BOARD
September 30, 2009

ADOPTED MEETING MINUTES

A meeting of the Michigan Strategic Fund (MSF) Board was held on Wednesday, September 30, 2009 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq. N., Lansing, Michigan.

MEMBERS PRESENT: Linda Ewing (By Phone); James Herbert; Paul E. Hodges, III; George Jackson (By Phone); Robert J. Kleine; Greg Main; Mitch Mondry (By Phone); James Petcoff; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached)

MEMBERS ABSENT: Richard Rassel; Charles Rothstein

CALL TO ORDER: Mr. Main called the meeting to order at 1:33 p.m.

APPROVAL OF TEMPORARY CHAIRPERSON: Mr. Main asked for a motion to appoint Treasurer Kleine as temporary Chairperson for Agenda Item C-4. **Mr. Petcoff motioned to appoint Treasurer Kleine as temporary chairperson for Agenda Item C-4. Ms. Corbin seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

APPROVAL OF MINUTES: Mr. Main stated the next order of business was the approval of the August 26, 2009 meeting minutes. **Treasurer Kleine motioned approval of the minutes. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent

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

COMMUNICATION ITEMS: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that Greg Main would be recusing himself from Agenda Item C-4. Mr. Ohle informed the Board that a new Agenda Item C-3a had been distributed at their seats.

21st CENTURY JOBS FUND:

Credit Suisse Quarterly Update

Paul Brown, MEDC Capital Markets Manager, introduced guest presenters; Bob Payne, Manager, Michigan Office, Alternative Investments, Customized Fund Investment Group, Credit Suisse; and Sean O'Donnell, CFA, Michigan In-State Investment Specialist, Alternative Investments, Customized Fund Investment Group, Credit Suisse.

Mr. Payne indicated that \$108 million of the original allocated funds has been invested with the exception of \$850k from Microposite which has not been invested. Mr. Payne indicated Credit Suisse's view that the deal flow has been very strong.

Treasurer Kleine asked why Credit Suisse had not allocated more funds to co-investment. Mr. Payne answered, that the co-investment focus projection of up to 20% was an “up to” number and that co-investments are very early stage ventures. Mr. Herbert talked about Credit Suisse being more successful than what some of the Board thought possible. Mr. Herbert stated that the MEDC staff and Credit Suisse support Credit Suisse's investments to date

Resolutions 2009-116: MCSP – Wolverine Metal Stamping, Inc.

Paul Brown provided information for the action item.

Mr. Brown indicated that \$10.3 million has already been committed with \$2.9 million still remaining.

Mr. Brown talked favorably about Wolverine Metal Stamping. In an effort to replace millions of dollars in GM work which was abruptly delayed, the company has been aggressive with Emerson and Whirlpool

as well as hand tool manufacturers. As a result, the company has won back large orders from Whirlpool and Emerson which are coming back from Mexico and China. These orders include some new tooling which will be done by Michigan companies. The company is anticipating winning \$7.0MM in work as an initial opportunity from a solar company in Washington State.

Recommendation: MEDC Staff recommends approval of a Michigan Collateral Support Program deposit and finalization of a Deposit Agreement, subject to final due diligence and the following terms and conditions: Borrower: Wolverine Metal Stamping, Inc. (or affiliated entities), Lender: Omni Credit Union (or related group of credit unions), Loan Amt: \$2,500,000 (unrestricted fixed asset secured term loan), MSF Cash Collateral: Up to \$1,000,000 Collateral Support Deposit (CD) (subject to 49.9% limiter), Loan Type: Matures (estimated) 09-15-2014; 5 year term, 7 year amortization, Fees: Tier II: 1.5% on the MSF Deposit at Closing (\$15,000) 1.0% annually thereafter on unreleased portion, Exit Fee: 2.5 % of eligible balance. The company has no other incentives, either local or state wide.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-116. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-117: MCSP – Maverick Industries, LLC

Paul Brown provided information for the action item.

Mr. Brown spoke about Maverick Industries, LLC and how the project's sponsors had intended to be up and running at this point in time. During the sale of the facility by Kaneka, the sponsors secured \$1.5MM in seller financing for working capital along with a price for the equipment and facilities of less than 1/3d Kaneka's original investment of over \$15MM. Additionally, the sponsors have been in discussion with sales staff who will be employed by Maverick and that staff have experienced over \$500k in sales of like product with little to no resources and no assurance of start up since April 2009.

Recommendation: MEDC Staff recommends approval of a Michigan Collateral Support Program deposit and finalization of a Deposit Agreement, subject to final due diligence and the following terms and conditions: Borrower: Maverick Industries, LLC (or affiliated entities), Lender: MBC Loans, LLC (or lender designated by MBC Loans, LLC), Loan Amt: \$4,000,000 (Term Loan-Acquisition of RE & Equip), MSF Cash Collateral: Up to \$1,960,000 Collateral Support Deposit (CD) (subject to 49.9% limiter and reducing with amortization), Loan Type: Matures 10/31/2014 + continuing renewals, Fees: Tier II: 1.5% on the MSF Deposit at Closing (\$29,400), 1.0% annually thereafter on unreleased portion, Exit Fee: 2.5 % of eligible balance, MEGA Conditions: Company to deposit for replacement of MCSP an amount equal to the value of the MEGA Tax Credit issued for the tax year beginning 2014 and all further years until no MCSP dollars remain or until the MEGA Tax Credit has expired.

Mr. Herbert stated that this was a great opportunity.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-117. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-118: MCSP – Mark One Amendment

Paul Brown provided information for the action item.

Mr. Brown stated that on August 26, 2009 the MSF Board approved Mark One Corporation's request for collateral support based on the recommendation of the MEDC and the pending approval of Independent Bank. While Independent Bank has received a formal approval for the company, Mark One has engaged Huntington Bank for a similar approval. Mark One has indicated that Huntington can be prepared to close within the next 7 business days, in part because of their designation as a Delegated SBA Lender.

Recommendation: MEDC staff recommends the MSF Board replace Independent Bank with Huntington National Bank as the "Bank" for both proposed Cash Collateral Deposit Agreements in respect to Mark One.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-118. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

[Mr. Main Recused]

Resolution 2009-119: Approval of Extension of the Memorandum of Understanding Between MSF and MEDC

Ned Staebler, MEDC Vice President of Capital Markets and Business Acceleration, provided information for the action item.

Mr. Staebler stated that on January 25, 2006, the Michigan Strategic Fund (“MSF”) and the Michigan Economic Development Corporation (“MEDC”) entered into a Memorandum of Understanding (“MOU”) for the purpose of specifying responsibilities between the MSF and the MEDC in administering the 21st Century Jobs Trust Fund (“21st CJTF”) initiative. The MOU was amended on July 13, 2006, October 1, 2007, and September 24, 2008, respectively.

Recommendation: MEDC staff recommends that the MOU be amended: 1. to provide further description that the MEDC shall provide administrative services for all programs and activities under Chapters 8A and 8B of the MSF Act; and 2. to extend the effective date of the MOU to September 30, 2010. MEDC staff also recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21st CJTF for administrative expenses for fiscal year 2009-2010.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-119. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 1 recused; 2 absent.

[Mr. Main Returned]

Resolution 2009-120: Choose Michigan Loan – Great Lakes Towers, LLC

Leslie Smith, MEDC Manager 21st Century Jobs Fund, provided information on the action item.

Ms. Smith stated that Great Lakes Towers, LLC d/b/a VenTower Industries (GLT or Company) is in the final financing and planning stages to build a \$19,000,000 factory in Monroe to produce towers for commercial-scale wind turbines. GLT has received approval from MEGA for (i) an MBT Credit up to \$4.4 million under the Brownfield Redevelopment MBT Credit, and (ii) a Brownfield TIF for reimbursement of eligible costs up to a maximum total project cost of \$5.8 million and (iii) a \$3.7 million MEGA Tax Credit tied to 152 new jobs. In addition GLT has received commitments of support via the city of Monroe in the form of a \$1,000,000 grant from the Michigan Department of Environmental Quality for remediation of the factory construction site, and a \$1,000,000 US Environmental Protection Agency (EPA) loan to the City of Monroe which the city will also use for construction site remediation. The EPA loan will be paid back using tax revenues generated by the city; GLT has no repayment obligations regarding the EPA loan. In addition to the incentives described above, the city of Monroe has agreed to convey the land (38 acres) for \$100 to GLT upon closing of all financing, permit approvals and construction contracting. Factory construction is scheduled to start in the first quarter of 2010.

Recommendation: MEDC Staff recommends that the convertible Choose Michigan loan in the amount of \$5,000,000 to GLT be approved subject to execution of a final loan document.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-120. Ms. Corbin seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

PRIVATE ACTIVITY BONDS- INDUCEMENTS:

Resolution 2009-121: Community Facility Partners, for itself and a single member LLC to be formed – (Bay City, Bay County) -- \$8,000,000 – New Financing/Non-Profit

Diane Cranmer, MEDC IDRB Specialist, provided information about the action and introduced guests involved with the project; Murray Wikol, Principal of Green Leadership, LLC; and Bowden Brown, Dykema Gossett PLLC.

Ms. Cranmer spoke about the project including financing the acquisition of a recently constructed approximately 24,996 square foot, single-story, office/administration building and the 4.79 acre site thereof, located at 401 Ketchum Street, Bay City, Michigan. The project is leased in its entirety to the State of Michigan under two separate coterminous 20-year leases (expiring in 2029, with extension provisions) with the Department of Environmental Quality and the Department of Energy, Labor & Economic Growth, which together employ approximately 90 employees at the project.

Recommendation: MEDC staff recommends adoption of an Inducement Resolution in the amount of \$8,000,000 for this project.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-121. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

PRIVATE ACTIVITY BONDS- OTHER:

Resolution 2009-122: The Detroit Edison Company – Amend Inducement to Extend Expiration Date – Solid Waste

Diane Cranmer provided information about the action.

Ms. Cranmer talked about how the Michigan Strategic Fund induced a \$300,000,000 project on behalf of The Detroit Edison Company at its October 20, 2005 meeting. In December of 2006, bonds were issued in the amount of \$68,500,000, and in December of 2008 bonds were issued for 50,000,000. In September of 2007 an extension of the 2005 resolution was granted until October 20, 2009. The Detroit Edison Company is requesting a second amendment to the inducement resolution to extend the expiration date to October 31, 2011, in order to extend the time to make additional qualifying expenditures in connection with the project.

Recommendation: MEDC Staff recommends the approval of the amending resolution to extend the expiration date for the inducement resolution to October 31, 2011.

Mr. Petcoff asked if it was common to have this type of extension. Ms. Cranmer answered yes. Tim Konieczny, Assistant Attorney General, explained why the extension was beneficial by stating that the people who have induced are interested but are waiting for more favorable economic conditions.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-122. Mr. Petcoff seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

PRIVATE ACTIVITY BONDS- ISSUING:

Resolution 2009-123: Pilgrim Manor, Inc. – (Grand Rapids, Kent County) – NTE \$2,500,000 Refunding/Non-Profit

Diane Cranmer provided information about the action.

Ms. Cranmer spoke about the project is a refunding of the prior Michigan Strategic Fund, Series 2000 Bond (Pilgrim Manor, Inc. Project) issued to finance the renovation of the facilities located at 2000 Leonard Street NE, Grand Rapids, including, but not limited to, construction of site improvements, renovation of the health center wards and units, dining room, kitchen, administrative offices, main entrance and lower staff areas and relocation of certain amenities. The refunding is being undertaken primarily for the purpose of reducing costs associated with the current letters of credit and lengthening the amortization of the bond.

Recommendation: MEDC Staff recommends the adoption of the Bond Authorizing Resolution for the refunding of the entire outstanding principal amount of the Prior Bond, in the amount of NTE \$2,500,000.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-123. Mr. Petcoff seconded the motion.** Josh Piland, MEDC Board Administrative Assistant, took a Roll-Call Vote.

Roll Call: **Ayes:** Susan Corbin; Linda Ewing; James Herbert; Paul E. Hodges, III;
George Jackson; Robert J. Kleine; Greg Main; Mitch Mondry; James Petcoff
 Nays: None
 Recused: None
 Absent: Richard Rassel; and Charles Rothstein

The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

**Resolution 2009-124: Foremost Graphics, LLC/Foremost Partners, LLC – (Walker, Kent County)
NTE \$2,150,000 Refunding/Manufacturing**

Diane Cranmer provided information about the action.

Ms. Cranmer spoke about the project being a refunding of (1) the prior Michigan Strategic Fund, Series 1996 Bond (Foremost Graphics, Inc. Project) issued to finance the acquisition of land, the construction of an approximately 30,000 square foot manufacturing facility and the installation of machinery and equipment and the refunding of (2) the prior Michigan Strategic Fund, Series 2001 (Foremost Graphics, L.L.C. Project) (collectively, the “Prior Bonds”), issued to finance the construction of an approximately 41,000 square foot addition to an existing manufacturing facility and the acquisition and installation of machinery and equipment. The refunding is being undertaken primarily for the purpose of reducing costs associated with the current letters of credit and the difficulties associated with remarketing the Prior Bonds.

Recommendation: MEDC Staff recommends the adoption of the Bond Authorizing Resolution for the refunding of the entire outstanding principal amount of the Prior Bond, in the amount of NTE \$2,150,000.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Jackson made a motion for approval of Resolution 2009-124. Mr. Petcoff seconded the motion.** Mr. Piland took a Roll-Call Vote.

Roll Call: **Ayes:** Susan Corbin; Linda Ewing; James Herbert; Paul E. Hodges, III;
George Jackson; Robert J. Kleine; Greg Main; Mitch Mondry; James Petcoff
 Nays: None
 Recused: None
 Absent: Richard Rassel; and Charles Rothstein

The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

**Resolution 2009-125: St. Catherine of Siena Academy – (Wixom, Oakland County) – NTE
\$29,905,000 – New/Non-Profit**

Diane Cranmer provided information about the action and introduced guest presenter; James Crowley, Clark Hill.

Ms. Cranmer spoke about the project that includes financing the acquisition of land, the construction of an approximately 150,000 square foot high school facility, and the furnishing and equipping of the facility to be located in at 51233 Grand River, City of Wixom, Oakland County. The Foundation anticipates that the Archdiocese of Detroit will agree in writing to review the financing, and consider providing funds to cover a shortfall in debt service payments, if any, on an annual basis (which agreement has been denominated by the underwriter as a “Moral Obligation”). The Moral Obligation is not a legally binding agreement of the Archdiocese of Detroit. Mr. Crowley spoke about the project as a Catholic Central project for an all girls’ school about a mile apart from an all boys’ school.

Recommendation: MEDC Staff recommends the adoption of the Bond Authorizing Resolution for this project in the amount of NTE \$30,960,000.

Mr. Konieczny offered clarification about the moral obligation bond saying that if there is a short fall of revenue the Archdiocese can consider making up the short fall. If the Archdiocese doesn’t make up the short fall the creditworthiness of the Archdiocese could be negatively affected. Mr. Petcoff asked how many students are anticipated will attend the school. Mr. Crowley stated that it was anticipated that 750 students would attend the high school and that tuition would be covering everything after the third year.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-127. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-128: Join Existing Tool & Die Recovery Zone – Quality Mold & Engineering, Inc., Village of Baroda to join Berrien Tooling Coalition

Kevin Bonds provided information for the action item.

Mr. Bonds indicated that staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from the Berrien Tooling Coalition on behalf of Quality Mold & Engineering, Inc. He said that staff reviewed the materials submitted and determined that the requirements of the Act have been satisfied. The BTC Recovery Zone/collaborative agreement members have unanimously agreed to allow Quality Mold & Engineering, Inc. to join the coalition as a member.

Recommendation: MEDC Staff recommends MSF approval of the Quality Mold & Engineering property, Inc. for designation as a Recovery Zone and the addition of Quality Mold & Engineering as a member of the Berrien Tooling Coalition.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-128. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-129: Join Existing Tool & Die Recovery Zone – Hanson Mold, St. Joseph Charter Township to join Berrien Tooling Coalition

Kevin Bonds provided information for the action item.

Mr. Bonds indicated that staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from the Berrien Tooling Coalition on behalf of Hanson Mold. He said that staff reviewed the materials submitted and has determined that the requirements of the Act have been satisfied. The BTC Recovery Zone/collaborative agreement members have unanimously agreed to allow Hanson Mold, Inc. to join the coalition.

Recommendation: MEDC Staff recommends MSF approval of the Hanson Mold, Inc. property for designation as a Recovery Zone and the addition of Hanson Mold, Inc as a member of the Berrien Tooling Coalition.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-129. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-130: Join Existing Tool & Die Recovery Zone – Liberty Steel Fabricating, Inc., St. Joseph Charter Township

Kevin Bonds provided information for the action item.

Mr. Bonds indicated that staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from the Berrien Tooling Coalition on behalf of Liberty Steel Fabricating, Inc. He said that staff reviewed the materials submitted and has determined that the requirements of the Act have been satisfied. The BTC Recovery Zone/collaborative agreement members have unanimously agreed to allow Liberty Steel Fabricating, Inc. to join the coalition as a member.

Recommendation: MEDC Staff recommends MSF approval Liberty Steel Fabricating, Inc. property for designation as a Recovery Zone and the addition of Liberty Steel Fabricating, Inc as a member of the Berrien Tooling Coalition

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-130. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-131: Join Existing Tool & Die Recovery Zone – Mach Mold, Inc., Benton Charter Township to join Berrien Tooling Coalition

Kevin Bonds provided information for the action item.

Mr. Bonds indicated that staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from the Berrien Tooling Coalition on behalf of Mach Mold Incorporated. He said that Staff reviewed the materials submitted and has determined that the requirements of the Act have been satisfied. The BTC Recovery Zone/collaborative agreement members have unanimously agreed to allow Mach Mold Incorporated to join the coalition as a member.

Recommendation: MEDC Staff recommends MSF approval of the Mach Mold Incorporated property for designation as a Recovery Zone and the addition of Mach Mold, Inc as a member of the Berrien Tooling Coalition.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-131. Mr. Petcoff seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-132: Join Existing Tool & Die Recovery Zone – K&W Tool & Machine, Inc., City of Greenville to join Great Lakes Tool & Die Collaborative

Kevin Bonds provided information for the action item.

Mr. Bonds indicated that staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from the GLTDC on behalf of K&W Tool & Machine, Inc. He said that staff reviewed the materials submitted and has determined that the requirements of the Act have been satisfied. K&W Tool & Machine, Inc. is an ISO certified company that specializes in manufacturing tooling, components and assemblies for defense and alternative energy companies. They have a wide array of equipment, from CNC Milling to Laser Cutting to Robotic Welding. The GLTDC currently does not have a member with a Laser Cutter or a Robotic Welder. Both would be a nice complement to the coalition's capability base.

Recommendation: MEDC Staff recommends MSF approval K&W Tool & Machine, Inc. property for designation as a Recovery Zone and the addition of K&W Tool & Machine, Inc as a member of the Great Lakes Tool & Die Collaborative.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-132. Ms. Corbin seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-133: Join Existing Tool & Die Recovery Zone – Three M Tool & Machine, Inc., City of Wixom, Oakland County

Kevin Bonds provided information for the action item and introduced Sharon Medwid, Vice President of Sales, Three M; and Margaret O'Reilly, Consultant

Mr. Bonds indicated that the staff of the Recovery Zone program received notice that Three M [3M?] has added a 2nd location in the City of Wixom, Oakland County. Three M obtained a resolution from the City of Wixom approving a five (5) year recovery zone for the company's 2nd location at 50759 Century Court, effective January 1, 2010, with an expiration of December 31, 2014. He indicated that although there is nothing in legislation that addresses an existing recovery zone company adding a 2nd location, in order to accommodate this unusual circumstance, it was determined that the company could request another location be designated as long as the company obtained a consenting resolution from the local governmental unit where the company's 2nd location is located along with additional supporting documentation. Mr. Bonds indicated that the company has submitted an application and supporting documentation similar to a company joining an existing recovery zone. All required information has been submitted and staff has determined that the application meets all program requirements. Ms. Medwid stated that this couldn't have been done without the assistance of Ms. Margaret O'Reilly and thanked the Board.

Recommendation: MEDC Staff recommends the MSF approve designation of a 2nd recovery zone designation for Three M Tool & Machine at 50759 Century Court, Wixom, Michigan 48393-2066 for a period of 5 years.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-133. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-134: Time Extension Request– (5yrs) Elite Mold & Engineering, Inc., Shelby Township, Macomb County

Kevin Bonds provided information for the action item.

Mr. Bonds stated that the Recovery Zone staff received a new resolution from Shelby Charter Township requesting that the MSF approve extending the original five (5) year Recovery Zone designation for Elite Mold & Engineering, Inc. for an additional five (5) year period, for a total of 10 years, with a new expiration date of 2017 rather than 2012. Mr. Bonds indicated that under MCL 125.2688d(1), the MSF may extend the duration of Recovery Zone status for 1 or more periods that when combined do not exceed 15 years, upon the consent of the local governmental unit where the tool and die business is located.

Recommendation: MEDC Staff recommends the MSF extend the Recovery Zone duration on the parcels of property previously designated for Elite Mold & Engineering, Inc. at 51548 Filomena Drive, Shelby Township, Michigan 48315-2946.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-134. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK PROGRAM – PLANNING:

Resolution 2009-135: Village of Almont – Planning Study -- \$7,500

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that the Village of Almont has requested a \$7,500 Community Development Block Grant (CDBG) to fund a planning study regarding the best use of a former township fire hall. The hall is two adjoining structures and is currently vacant. These structures are adjacent to a municipal parking lot in the heart of Almont's downtown district.

Recommendation: MEDC Staff recommends that an application in the amount of \$7,500 be authorized for the Village of Almont.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-135. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-136: Crystal Falls Township – Feasibility Study - \$29,710

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that Crystal Falls Township has requested a \$29,710 Community Development Block Grant (CDBG) to fund a feasibility study for the development of an industrial park.

Recommendation: MEDC Staff recommends that an application in the amount of \$29,710 be authorized for the Crystal Falls Township.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-136. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-137: Village of Holly – Feasibility Study -- \$15,000

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that the Village of Holly has requested a \$15,000 Community Development Block Grant (CDBG) to fund a feasibility study for the renovation of their current office building into a new privately owned restaurant in the core of Holly's downtown district.

Recommendation: MEDC Staff recommends that an application in the amount of \$15,000 be authorized for the Village of Holly.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-137. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT -- DOWNTOWN DEVELOPMENT:

Resolution 2009-138: Village of Constantine – Acquisition of Signature Building - \$33,750

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that the Village of Constantine has requested a \$33,750 Community Development Block Grant (CDBG) to fund the acquisition of a Signature Building within their downtown. The Village would purchase the historic downtown building located at 130 E. Water St., Constantine, St. Joseph County. This building has not been occupied by a business since 1996. The Village intends to own the building and lease it to the developer. The developer plans to open an ice cream shop, which will include specialty drinks and sweet treats as well as wireless internet. The developer plans to invest \$15,000 during the first 3 months following acquisition by the Village to remodel the main level to prepare it for a business. Depending on the initial success of the project, the developer would then like to complete the apartment that is located on the upper level within 2 years, totaling about \$20,000 of investment.

Recommendation: MEDC Staff recommends that an application in the amount of \$33,750 be authorized for the Village of Constantine.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Ms. Corbin made a motion for approval of Resolution 2009-138. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-139: City of Williamston – Building Acquisition and Façade Improvement - \$190,000

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds reviewed the City of Williamston’s request for a \$190,000 CDBG grant to fund the acquisition and façade improvement of an 1874 building located at 109-115 E. Grand River, Williamston in Ingham County. The City will utilize \$90,000 to acquire the property and \$100,000 for façade improvements on the site. The anticipated investment for the first phase of this development, specifically related to the façade, is approximately \$307,700.

Recommendation: MEDC Staff recommends that an application in the amount of \$190,000 be authorized for the City of Williamston.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Ms. Corbin made a motion for approval of Resolution 2009-139. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT – JOB CREATION/INFRASTRUCTURE:

Resolution 2009-140: Holland Charter Township, Quincy Street, Inc. - \$890,000 (CDBG-R)

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds reviewed a Holland Charter Township request for \$890,000 of CDBG-R assistance for needed private infrastructure improvements for this project. The funds will be provided through the American Recovery and Reinvestment Act.

Recommendation: MEDC Staff recommends that an application in the amount of \$890,000 be authorized for Holland Charter Township.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Treasurer Kleine made a motion for approval of Resolution 2009-140. Mr. Herbert seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-141: Lapeer County, Kamax L.P. - \$1,030,000

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that Kamax L.P. will be acquiring cold heating, thread rolling and heat treat equipment for their Lapeer facility. This equipment will allow the company to meet the new work orders

that are coming from their customer base. Lapeer County is requesting \$1,030,000 of CDBG funds to assist the county with the upgrade of approximately 2.85 miles of Class “B” seasonal roads to Class “A” status that serves the needs of Kamaz L.P. The company currently employs 130 people in Lapeer County and expects to create an additional 103 jobs over the next two years.

Recommendation: MEDC Staff recommends that an application in the amount of \$1,030,000 be authorized for the Lapeer County infrastructure road project.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Treasurer Kleine made a motion for approval of Resolution 2009-141. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-142: City of Coopersville, Continental Dairy Products, Inc. - \$2,465,000

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds reviewed a City of Coopersville CDBG application to support public improvements to support the expansion needs of Continental Dairy Products, Inc. The CDBG funded improvements will include installing a new submerged membrane aeration system, constructing a new building for blowers and pumps, two new clarifiers, a return activated sludge and waste activated sludge pumping system, the addition of berms to form two new aerated lagoons and two sludge lagoons, a standby emergency generator, two new effluent pumps and an ultraviolet light disinfection system. The City of Coopersville is requesting \$2,465,000 of CDBG assistance for needed public infrastructure improvements for this project.

Recommendation: MEDC Staff recommends that an application in the amount of \$2,465,000 be authorized for the City of Coopersville.

Board Discussion: Mr. Main asked if there were any questions from the Board. *Mr. Herbert stated that MEGA credits have been approved and his concern about the City of Coopersville needing to be lock-stepped with the company to ensure their success. Treasurer Kleine asked how many dairy farms were involved. Mr. Bonds said he did not know at this time. Mr. Petcoff said there were multiple options with Continental Dairy Products backed by a 100 million dollar in investments. Mr. Herbert talked about Continental Dairy Products being backed by what appeared to be a cooperative of Dutch dairy farmers, a business model that has been successful in recent years. Mr. Main addressed Mr. Herbert’s concerns pointing out that the milk is powdered and will be distributed world wide. Mr. Herbert also acknowledged it will not spoil but pointed out that a dairy facility this big is costly to convert from something else and will be costly to make into something else if it fails.* Being no further questions, **Mr. Petcoff made a motion for approval of Resolution 2009-142. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-143: City of St. Johns – Quest Software, Inc. - \$192,000

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds reviewed the City of St. Johns and Quest Software, Inc. request for \$192,000 of CDBG assistance for the purchase of machinery and equipment related to a proposed company expansion project. The project is expected to result in the creation of an additional 32 new full time positions over the next two years.

Recommendation: MEDC Staff recommends that an application in the amount of \$192,000 be authorized for the City of St. Johns.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Treasurer Kleine made a motion for approval of Resolution 2009-143. Ms. Corbin seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-144: Manistee County, Mariah Power - \$1,100,000

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that because Mariah Power is experiencing soaring demand for their 1.2 KW turbine, there is a need to expand production capacity to meet increased demand forecasts over the next five years. The company will construct a new facility and add new machinery and equipment in the Manistee

Industrial Park. Manistee County and Mariah Power are requesting \$1.1 million of CDBG assistance for the purchase of machinery and equipment related to Mariah Power's proposed new facility in Manistee. The project is expected to result in the creation of an additional 117 new full time positions over the next two years.

Recommendation: MEDC Staff recommends that an application in the amount of \$1.1 million be authorized for Manistee County.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Treasurer Kleine made a motion for approval of Resolution 2009-144. Mr. Petcoff seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2009-145: City of Greenville, Clarion Technologies - \$196,500

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that Clarion Technologies is beginning to diversify its customer base by partnering with a firm in Mexico to produce plastic caskets for the Mexican and Latin American markets with the potential goal to expand sales into the US market. The company will need to purchase additional equipment to expand its injection-molded products line to create the casket components. Additionally, Clarion will have to purchase and install a "green" paint system for this project. The City of Greenville and Clarion Technologies are requesting \$196,500 of CDBG assistance for the purchase of machinery and equipment related to the proposed expansion project for the company. The project is expected to result in the creation of an additional 42 new full time positions over the next two years.

Recommendation: MEDC Staff recommends that an application in the amount of \$196,500 be authorized for the City of Greenville.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Mr. Herbert made a motion for approval of Resolution 2009-145. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – ICE:

Resolution 2009-146: Infrastructure enhancement grants to 35 non-entitlement communities - \$18,122,808

Kevin Bonds provided information to the Board for the action item.

Mr. Bonds indicated that Notices of Intent for this initiative were required to be submitted by May 29, 2009. CDBG staff received 111 NOIs requesting a total of \$45,780,339 million with a total of \$24,245,571 million in matching funds identified. Priority for funding approval was given to projects that: requested a lower amount of CDBG funds; were ready to begin; provided a local match commitment; had a high ratio of all matching funds to the amount of CDBG funds requested; and had a low ratio of CDBG funds requested per resident based on the amount requested. In July, 46 recommended projects totaling \$14,145,850 million were approved by this Board. Staff is recommending an additional 35 projects be approved from that same competitive round totaling \$18,122,808 with other matching funds of \$6,558,753. Mr. Bonds stated that there will probably be another round similar to this action.

Mr. Herbert asked about the previous actions—if they were shovel ready. Mr. Bonds said unfortunately most of those will happen next spring.

Recommendation: MEDC Staff recommends that applications totaling \$18,122,808 be authorized for the 35 projects listed on the attached spreadsheet.

Board Discussion: Mr. Main asked if there were any questions from the Board. There were none, **Treasurer Kleine made a motion for approval of Resolution 2009-146. Mr. Petcoff seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – STATUS OF FUNDS
AND AVAILABLE BALANCES:**

Kevin Bonds provided information to the Board for the information item.

Mr. Bonds indicated that next months Status of Funds and Available Balances will providing a better representation of the amount of commitments and available CDBG funds.

ADDITIONAL BUSINESS: Mr. Main asked if there was any additional business to discuss. Being none, Mr. Main thanked all those in attendance and adjourned the meeting at 2:42 p.m.