

MICHIGAN STRATEGIC FUND BOARD
June 23, 2010

ADOPTED MEETING MINUTES

A meeting of the Michigan Strategic Fund (MSF) Board was held on Wednesday, June 23, 2010 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq., Lansing, Michigan.

MEMBERS PRESENT: Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); James Herbert; Paul E. Hodges, III; George Jackson; Robert Kleine; Greg Main; Mitch Mondry; Richard Rassel; Charlie Rothstein

MEMBERS ABSENT: Linda Ewing; James Petcoff

CALL TO ORDER: Mr. Main called the meeting to order at 1:30 p.m.

APPROVAL OF MINUTES: Mr. Main asked for a motion to approve the May 26, 2010 meeting minutes. **Mr. Kleine motioned approval of the minutes. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent

PUBLIC COMMENT: Rep. Mike Lahti spoke in favor of the Renaissance Zone project for Verso Quinnesec LLC and the CDBG project for CertainTeed Ceilings Corporation, and indicated that it was key for the revitalization in the Upper Peninsula, and thanked the MSF Board for their consideration.

COMMUNICATION ITEMS: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that recusal letters had been received from Richard Rassel and Greg Main for items on the agenda. Mr. Ohle indicated that Agenda Item J4, a Renaissance Zone project, had been removed from the agenda.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – JOB CREATION:

Resolution 2010-088: City of Hudson, Lenawee County – Keczy Corporation Machinery and Equipment - \$180,000

Katharine Czarnecki, MEDC Community Assistance Team Manager, provided information to the Board for the action item.

Ms. Czarnecki indicated that the City of Hudson has requested a \$180,000 CDBG grant to assist with the acquisition of machinery and equipment for Keczy Corporation. Ms. Czarnecki indicated that it is anticipated that \$245,000 will be invested and 30 new jobs will be created by Keczy Corporation as result of this project.

Recommendation: MEDC 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 \$180,000 be authorized for the City of Hudson.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-088. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

[Susan Corbin joined the meeting]

Resolution 2010-089: Village of L’Anse, Baraga County – Amendment Request - \$325,085

Katharine Czarnecki provided information to the Board for the action item.

Ms. Czarnecki indicated that the Village of L’Anse has requested an additional \$325,085 CDBG grant on top of their original \$666,007 CDBG grant for the CertainTeed Ceilings Corporation project in order to cover additional unforeseen utility costs for the project. Ms. Czarnecki indicated that it is anticipated that the original investment and job numbers will remain the same as the original project.

Recommendation: MEDC 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 \$325,085 be authorized for the Village of L'Anse.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Mondry made a motion for approval of Resolution 2010-089. Mr. Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – AREA WIDE BENEFIT:

Resolution 2010-090: City of Durand, Livingston County – Downtown Streetscape - \$750,000

Katharine Czarnecki provided information to the Board for the action item.

Ms. Czarnecki indicated that the City of Durand has requested a \$750,000 CDBG grant for a streetscape project that will renovate three blocks of their downtown district.

Recommendation: MEDC 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 \$750,000 be authorized for the City of Durand.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-090. Mr. Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-091: City of Baroda, Berrien County – Downtown Streetscape - \$640,000

Katharine Czarnecki provided information to the Board for the action item.

Ms. Czarnecki indicated that the City of Baroda has requested a \$640,000 CDBG grant for a streetscape project that will renovate a segment of their downtown district.

Recommendation: MEDC 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 \$640,000 be authorized for the City of Baroda.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2010-091. Mr. Hodges seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – AMENDMENT:

Resolution 2010-092: Holland Charter Township, Ottawa County – Quincy Street ARRA Amendment - \$110,000

Katharine Czarnecki provided information to the Board for the action item.

Ms. Czarnecki indicated that Holland Charter Township has requested an additional \$110,000 CDBG grant for the previously approved ARRA project for Quincy Street, Inc. Ms. Czarnecki indicated that the additional funds were needed due to needed enhancements for the onsite pretreatment system for the facility.

Recommendation: MEDC 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 \$110,000 be authorized for Holland Charter Township.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-092. Mr. Rassel seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – ADMINISTRATIVE:

ARRA RFP Withdrawal

Katharine Czarnecki provided information to the Board for the information item.

Ms. Czarnecki indicated that in response to the ARRA RFP released by the MSF Board on April 28, 2010 staff had received 28 applications. Ms. Czarnecki indicated that only one of those projects was eligible based on the requirements outlined in the RFP. Ms. Czarnecki indicated that staff would be rejecting all bids and withdrawing the RFP, and would recommend using the standard CDBG process for all CDBG ARRA projects.

[RECUSED: Greg Main]

21st CENTURY JOBS FUND:

DC3 Presentation

Col. James Braden, MEDC DC3 Director, provided information about the action item.

Col. Braden gave a presentation on the DC3 and the goals/objectives moving forward. Col. Braden indicated that staff was requesting the MSF Board approve \$2 million for the DC3 for fiscal year 2010 as well as the remaining \$70,000 from the original \$10 million allocation.

Mr. Rothstein asked what specific results or success stories could be attributed to the DC3. Col. Braden indicated that the DC3 team had recently turned over and that he could not tie specific successes to the current team, that he did not have that information with him. Col. Braden indicated that Michigan was working with the State of Wisconsin on a large federal project, but that the results of that project would not be available until August.

Mr. Mondry asked if Col. Braden could clarify the ROI based on the program. Col. Braden indicated that overall federal contracts had gone down from 2009 to 2010, but that Michigan had acquired more funding from federal contracts, showing that Michigan was actually gaining a larger percentage of the overall federal spend in a tougher year to do so.

Mr. Rothstein asked if this action could be pushed back until more information is available. Treasurer Kleine indicated that it was getting close to year-end, and asked Col. Braden if the DCCC could continue without the \$2 million allocation. Col. Braden indicated that the DCCC could continue operations without the \$2 million allocation at this time.

Mr. Herbert asked for clarification on the difference between the budget approved in 2008 for this fiscal year and the proposed budget being recommended, specifically the difference being larger than the \$2 million requested. Mr. Ohle responded that the difference was carry-over from previous years that had not been spent.

Mr. Rothstein asked that the Board table this agenda item until August, when Col. Braden would be able to come back to the Board with additional information.

[RETURNS: Greg Main]

Resolution 2010-093: Research Essential Services, LLC (RES). Subordination Request

Leslie Smith, MEDC Business Acceleration Director provided information about the action.

Ms. Smith indicated that RES was awarded a Pfizer Company Formation and Growth Fund (CFGF) loan on January 5, 2010 in the sum of \$200,000, and that the company has since shown great growth. Ms. Smith indicated that RES has indicated that it needs to purchase equipment to continue operations and has located a seller willing to loan the equipment to RES. Ms. Smith indicated that the MSF Investment Subcommittee had reviewed this project and recommended approval of the collateral subordination request.

Mr. Rothstein asked if staff had a report on the CFGF program and its successes. Ms. Smith indicated that staff had presented a report to the MSF Board on the program several months ago, and that the program is showing quite a few successes.

Recommendation: MEDC Staff recommends that the MSF Board approve finalizing an agreement with Esperion to subordinate collateral limited to the Equipment. The subordination is also to be limited to the amount of \$360,000.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-093. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-094: Tolera Therapeutics, LLC Confidentiality Request

Leslie Smith provided information about the action.

Ms. Smith indicated that Tolera Therapeutics had requested confidentiality on several items in relation to the company's conversion request.

Recommendation: MEDC Staff recommends that the MSF Board grant confidentiality on the items listed in the summary provided.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-094. Mr. Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-095: Tolera Therapeutics, LLC Conversion Request

Leslie Smith provided information about the action.

Ms. Smith indicated that Tolera Therapeutics was awarded a 21st Century Jobs Fund loan of \$2 million on January 9, 2009 for preclinical development work leading to a successful filing of the Investigational New Drug Application with the FDA. Ms. Smith indicated that the company is now positioned to close an internal Series B round to provide funds to initiate its first clinical trial. Ms. Smith indicated that pursuant to the 2009 MSF loan agreement, the MSF is entitled to convert the indebtedness owed by Tolera into shares of the same type of securities the Company issues in a venture financing event in which it raises at least \$2 million. Ms. Smith indicated that the MSF Investment Subcommittee had reviewed this project and recommended approval.

Recommendation: In order to continue support of development at Tolera, MEDC Staff recommends approval of the Company's request as outlined above, subject to completion of the customary MSF debt conversion agreement to include the following terms and conditions: (1) Convert the entire outstanding debt owed by Tolera (at the time of closing of the MSF conversion) into Series B-2 Preferred Stock at a price of \$0.72 per share (expected to close by July 2, 2010 and result in approximately 2,883,857 shares); and (2) Maintain the MSF's put option rights already made part of the 2009 loan agreement (that basically allow the MSF to require the Company to buy back the stock received if the Company leaves Michigan or there is an occurrence of those certain prohibited civil or criminal acts listed in section 88k(6) of the MSF Act).

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-095. Mr. Mondry seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-096: Delegation of Authority

Leslie Smith provided information about the action.

Ms. Smith indicated that over the past several months, MEDC Staff's ongoing day to day portfolio management has found increased signs that certain portfolio loans are in or approaching non-performing status. As more loans come due, and as more and more companies begin experiencing distress, MEDC Staff will continue to devote greater efforts to help preserve MSF interests in the receivables created by the Loan Programs. Restructuring requests and "work-out" activities have increased, and will continue to increase the administrative and responsive action needed to best protect the MSF interests. Ms. Smith indicated that MEDC Staff believes authorizing each of the MSF Chairperson, and the directorship seat of the MSF Board held by the state treasurer (or as permitted by MCL 125.2005(3), his or her designee from within the Department of Treasury) ("MSF State Treasurer Director"), to make certain decisions on loan restructure requests (other than conversions), non-performing loans, and voting equity holdings makes practical sense, while leaving some decisions on these matters to the MSF Board following recommendation by the MSF Investment Subcommittee. However, only the action of either the MSF Chairperson or the MSF State Treasurer Director is necessary. Ms. Smith indicated that MEDC Staff believes that the following 3 categories be used to create a workable and efficient process going forward to deal with requests for certain loan restructuring, nonperforming loans and voting of

equity holdings: (1) to the MSF Chairperson and MSF State Treasurer Director - each loan program award less than the principal amount of \$500,000 at the time of the award; (2) to the MSF Investment Subcommittee for recommendation to the MSF Chairperson or MSF State Treasurer Director – each loan program award between the principal amount of \$500,000 and \$2,999,999 at the time of the award; and (3) to the MSF Investment Subcommittee for recommendation to the MSF Board – each loan program award of \$3,000,000 or more at the time of the award. Ms. Smith indicated that in any case, the MSF Chairperson, MSF State Treasurer Director, or the MSF Investment Subcommittee can recommend that the matter proceed to the MSF Board. Ms. Smith also indicated that staff would prepare quarterly reports to the MSF Board on actions taken according to this process.

Mr. Rothstein indicated that he felt that \$3 million was too high of a number for the subcommittee to work with, and that it should be a lower amount. Mr. Herbert echoed Mr. Rothstein's opinion that \$3 million was too high a number. Ms. Smith asked what number the MSF Investment Subcommittee would be comfortable with. Mr. Rothstein indicated that he would be comfortable with the MSF Investment Subcommittee looking at proposals up to \$1 million.

Sante Perrelli, Assistant Attorney General, indicated that the MSF Investment Subcommittee would be making a recommendation to the MSF Board Chairperson or the MSF Treasurer Director on those recommendations between \$500,000 and \$1,000,000.

Recommendation: MEDC Staff recommends that the following 3 categories be used to create a workable and efficient process going forward to deal with requests for loan restructuring, nonperforming loans and voting of equity holdings: (1) to the MSF Chairperson and MSF State Treasurer Director - each loan program award less than the principal amount of \$500,000 at the time of the award; (2) to the MSF Investment Subcommittee for recommendation to the MSF Chairperson or MSF State Treasurer Director – each loan program award between the principal amount of \$500,000 and \$999,999 at the time of the award; and (3) to the MSF Investment Subcommittee for recommendation to the MSF Board – each loan program award of \$1,000,000 or more at the time of the award. Ms. Smith indicated that in any case, the MSF Chairperson, MSF State Treasurer Director, or the MSF Investment Subcommittee can recommend that the matter proceed to the MSF Board.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-096. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-097: ThreeFold Sensors Asset Recovery

Leslie Smith provided information about the action.

Ms. Smith indicated that ThreeFold Sensors had received both a 2006 21st Century Jobs Fund award and a 2008 CFGF award for development of fiber optic sensor technology for the use in medical diagnostics. Ms. Smith indicated that MEDC staff has been notified that ThreeFold has ceased operations. Ms. Smith indicated that the MSF has a first lien on all tangible personal property of the Company, and that staff had reviewed the list of inventory and obtained an appraisal for the assets of \$46,475. Ms. Smith indicated that staff has worked with the current landlord to arrange for an auction to be held on-site to sell the remaining assets. Ms. Smith indicated that the MSF Investment Subcommittee had reviewed this action item and recommended approval.

Mr. Mondry asked if staff had an idea of what an auction might bring in monetarily. Ms. Smith indicated that the appraisal was for \$46,475, and that staff hoped to get close to that amount. Ms. Smith also indicated that being able to hold an auction on-site would save a significant amount of money in moving costs.

Mr. Herbert asked what the time frame for the auction would be. Ms. Smith indicated that staff is ready to get started as soon as possible, and that they anticipated posting the auction date for a couple of weeks before actually holding the auction.

Recommendation: ThreeFold is no longer a viable business. Beyond the Collateral, due diligence has revealed that there are no material assets to which MEDC Staff believes the MSF could practically attach and liquidate to further reduce the outstanding debt through formal litigation proceedings. The loans were not guaranteed personally by the principals or any other third parties. As such, MEDC Staff believes that there is no realistic likelihood of recovery as a result of filing suit to try to collect the monies owed. MEDC Staff recommends that the MSF approve all action to: (1) proceed to formally terminate the loans; (2) conduct a sale of the Collateral on the landlord's site and dispose of any remaining Collateral at the end of the sale; and (3) credit the amount owed by ThreeFold to the MSF with the net proceeds of the sale or up to \$46,475.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2010-097. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

PRIVATE ACTIVITY BONDS – INDUCEMENTS:

Resolution 2010-098: Community Facility Partners, for itself and a single member LLC to be formed – (Detroit, Wayne County) - \$9,350,000 – New Financing/Non-Profit

Diane Cranmer, MEDC IDR Specialist provided information for the action item.

Ms. Cranmer indicated that the project includes financing the acquisition of a recently renovated office/administration building, which is expected to help to create approximately 130 jobs.

Recommendation: After reviewing the Private Activity Bond Application for Community Facility Partners, staff recommends adoption of an Inducement Resolution in the amount of \$9,350,000 for this project.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-098. Mr. Herbert seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-099: Community Facility Partners, for itself and a single member LLC to be formed – (Taylor, Wayne County) - \$7,300,000 – New Financing/Non-Profit

Diane Cranmer provided information for the action item.

Ms. Cranmer indicated that the project includes financing the acquisition of a recently renovated office/administration building, which is expected to help to create approximately 100 jobs.

Recommendation: After reviewing the Private Activity Bond Application for Community Facility Partners, staff recommends adoption of an Inducement Resolution in the amount of \$7,300,000 for this project.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Mondry made a motion for approval of Resolution 2010-099. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

[RECUSED: Richard Rassel]

Resolution 2010-100: West Michigan Renal Properties, LLC – (Muskegon, Muskegon County) - \$2,400,000 – Recovery Zone Facility Bond - New

Diane Cranmer provided information for the action item.

Ms. Cranmer indicated that the project includes financing the construction, furnishing and equipping of a facility, and that this project will be funded with Recovery Zone Facility Bonds.

Recommendation: After reviewing the Private Activity Bond Application for West Michigan Renal Properties, LLC, staff recommends adoption of an Inducement Resolution in the amount of \$2,400,000 for this project.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-100. Mr. Rothstein seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 1 recused; 2 absent.

[RETURNS: Richard Rassel]

PRIVATE ACTIVITY BONDS – OTHER:

Resolution 2010-101: Corlett-Turner Co. – Request for Change in Documents – Reissuance/Amendment
Diane Cranmer provided information for the action item.

Ms. Cranmer indicated the MSF Board issued bonds in 2000 for the benefit of Corlett-Turner Co. for financing the construction of an addition to an existing manufacturing facility and the acquisition and installation of machinery and equipment. Ms. Cranmer indicated that a new letter of credit had been extended for this project from a new entity, and that it is necessary to amend the original Trust Indenture.

Recommendation: MEDC staff recommends approval of the resolution to amend the bond documents.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-101. Mr. Jackson seconded the motion.** Trace Cooley, MEDC Legal Assistant, took a Roll-Call Vote.

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

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

[**RETURNS:** Richard Rassel]

RENAISSANCE ZONES:

Resolution 2010-102: New Forest Products Processing Renaissance Zone – Breitung Township, Dickinson County – Verso Quinnesec LLC

Karla Campbell, MEDC Manager MEGA Program, provided information for the action item and introduced guest presenters: Mark Pontti, Communications Manager, Verso; Steve Brooks, Manager of Manufacturing Excellence, Verso; Frank Smith, Dickinson County Commissioner; and Denny Olson, Breitung Township Supervisor.

Mr. Brooks indicated that Verso is very excited about green energy, and that this project will go a long way in achieving the company's goals. Mr. Brooks indicated that Verso harvests residuals for pulp and paper, and that the company has a unique technology that helps save even more energy and money in the process. Mr. Brooks finished by thanking the MSF Board and the local partners for the project. Ms. Campbell indicated that Verso will invest \$43 million and retain 400 jobs as a result of this project.

Mr. Herbert asked if the company used the residuals for power or for pulp. Mr. Brooks responded that Verso used them for power.

Recommendation: The MEDC recommends the MSF approval to the State Administrative Board for a new Forest Products Processing Renaissance Zone to be designated in the Township of Breitung and County of Dickinson for a 15 year designation. The property parcel number is 2202-012-003-10, contingent upon the following: (i) By August 3, 2011, Verso Quinnesec LLC shall have commenced the project outlined in the County of Dickinson's application for a Forest Products Processing Renaissance Zone by having started installation of the new equipment; and (ii) By December 31, 2010, a development agreement is finalized between the Michigan Strategic Fund and Verso Quinnesec LLC. The development agreement shall contain a requirement in it similar to the following by no later than October 31, 2010: (1) Verso Quinnesec LLC, or its parent, shall supply the MSF with an unconditional letter(s) of commitment for no less than \$43,000,000 from commercial credit lending institutions. The letter(s) will confirm that the funds to finance the Project are either immediately available for eligible and identified Project costs or are unrestricted as to use. The letter(s) shall be countersigned by an officer of the

commercial credit lending institution and will be reviewed to be of satisfactory nature, quality and scope by the MSF in its sole discretion; (2) Verso Quinnesec LLC, or its parent, may supply a document identifying and certifying an unrestricted depository sub account with an available balance of no less than \$43,000,000 and identified by Verso Quinnesec LLC, or its parent, as the source of financing for the Project. The document shall be countersigned by an officer of the bank of deposit. The document will be subject to review by the MSF in its sole discretion; or (3) Verso Quinnesec LLC may supply any combination of the two items above, as well as other recognized sources of funding (for example, but without limitation, financing sources under a New Market Tax Credit and/ or Recovery Zone Facility Bond structure), for which a credible commitment or commitments to provide such financing is or are in place, which combined provide for no less than \$43,000,000 identified as available for the Project. The MSF shall have the ability to review the documents and failure to satisfy the MSF, in its sole discretion, as to the nature, quality or correctness of these documents shall constitute a default under this Agreement.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-102. Mr. Mondry seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-103: New Renewable Energy Renaissance Zone – City of Holland, Allegan County – Compact Power, Inc. (CPI)

Karla Campbell provided information for the action item and introduced guest presenters: Hee Yil Ro, President, CPI; Kee Eun, Planning Director, CPI; Kurt Dykstra, Mayor, City of Holland; and Greg Robinson, Assistant City Manager, City of Holland.

Mr. Eun indicated that this project is an exciting and challenging task for CPI. Mr. Eun thanked the MEDC staff and the entire State of Michigan, and indicated that this project will help Michigan make a large footprint on the global map. Mayor Dykstra indicated that the community is very excited about CPI coming into the area and stated that it was their belief that CPI will be a great partner. Ms. Campbell indicated that CPI plans to invest \$302 million and create approximately 300 jobs as a result of this project.

Mr. Rothstein asked why the start date of July 2011 was so far out. Ms. Campbell indicated that the statute says that each Renaissance Zone must start within a year of adoption by the MSF Board, but that the company planned to start immediately.

Mr. Mondry asked about the \$151 million grant from the US Department of Energy, and whether or not it was conditioned on anything or if they had access to those funds now. Mr. Eun indicated that CPI had access to those funds immediately.

Recommendation: MEDC Staff recommends the MSF approval to the State Administrative Board for a new Renewable Energy Renaissance Zone to be designated in the City of Holland and Allegan County for a 15 year designation. The property parcel numbers are 03-02-03-300-018 and 03-02-03-300-019, contingent upon the following: (i) By July 6, 2011, CPI shall have commenced the project outlined in the City of Holland’s application for a Renewable Energy Renaissance Zone by having started construction of the new facility; and (ii) A development agreement is finalized between the Michigan Strategic Fund and CPI. The development agreement shall contain a requirement in it similar to the following: the Property shall be used only for the direct and indirect support of advanced battery production and manufacturing; and no other unrelated industry shall locate onto or operate on the Property.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-103. Mr. Jackson seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-104: Time Extension – Warren Tank Plant Renaissance Zone – City of Warren, Macomb County – Oshkosh Corporation

Karla Campbell provided information for the action item.

Ms. Campbell indicated that the City of Warren is requesting a modification to the Warren Tank Plant Renaissance Zone for a 6 year time extension for Oshkosh Corporation, who plans to build a state-of-the-art research and development center at the Warren Business Center. Ms. Campbell indicated that Oshkosh plans to invest \$6.5 million and create approximately 115 jobs as a result of this project.

Mr. Mondry asked if staff ever says no to a time extension for a Renaissance Zone, or if they usually continue to get extended. Ms. Campbell indicated that staff has said no in the past, and typically on time extensions, staff diligently negotiates to ensure that only certain parcels are extended based on specific projects. Gina Cavalier, City of Warren Director of Development, indicated that the City of Warren spent a lot of time debating whether to extend this parcel or not. Ms. Cavalier indicated that the City of Warren felt comfortable extending the parcel for several reasons, including that the project would have a larger impact beyond the specific parcel, that this building had been vacant for six years and severely needed to be upgraded, and that this creates a long standing relationship with the City of Warren.

Recommendation: MEDC staff recommends MSF approval of the City of Warren’s request for a 6 year time extension for property parcel number 13-16-426-025, in the Warren Tank Plant Renaissance Zone, contingent upon the following: (i) By June 23, 2011, Oshkosh Corporation shall have commenced the project and started the construction of the new building addition in the Warren Tank Plant Renaissance Zone as outlined in the City of Warren’s application; and (ii) A development agreement is negotiated and signed between Oshkosh Corporation, Leedership, LLC and the Michigan Strategic Fund.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-104. Mr. Herbert seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-105: Amendments for an Existing Renewable Energy Renaissance Zone – City of Alpena, Alpena County – Alpena Prototype Biorefinery (APB)

Karla Campbell provided information for the action item.

Ms. Campbell indicated that this project had previously been approved by the MSF Board, but needed to come back for amendments because of unforeseen delays in regards to APB’s US Department of Energy environmental assessment. Ms. Campbell indicated that there are adjusted timelines for three areas: (1) Project Commencement – The project will not meet the statutory requirement to commence within 1 year of the effective date which is July 21, 2010. The commencement of construction will begin by October 2010; (2) Property Transfer - Per the Development Agreement, the property transfer from Decorative Panels International, Inc. to Alpena Prototype Biorefinery, LLC was to occur on or before February 1, 2010. The amended transfer date is now July 1, 2011; and (3) Job Creation - Per the Development Agreement, the Company was to create 10 new Full-Time jobs at the facility by December 31, 2010. The revised date for this requirement is November 2011 to coordinate with the beginning of commercial operations.

Recommendation: MEDC staff recommends MSF consideration for recommendation of approval to the State Administrative Board of the above amendment for the proposed Alpena Prototype Biorefinery project. The project consists of a 28.57 acre renaissance zone, called Alpena Prototype Biorefinery, LLC Renewable Energy Renaissance Zone located in the City of Alpena.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-105. Mr. Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

TOOL AND DIE RECOVERY ZONES:

Resolution 2010-106: Join Existing Tool & Die Recovery Zone – Reed City Tool, Inc., Reed City, Osceola County, to join First Choice Machining Solutions

Karla Campbell provided information for the action item.

Ms. Campbell indicated that staff has received a request from Reed City Tool, Inc. to join the First Choice Machining Solutions Tool & Die Collaborative. There was a unanimous vote by the First Choice Machining Solutions Tool & Die Collaborative to accept Reed City Tool, Inc. as a member.

Recommendation: MEDC Staff recommends MSF approval of the property for Reed City Tool, Inc. to be designated as a Recovery Zone and join the First Choice Machining Solutions Tool & Die Collaborative.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-106. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-107: Existing Tool & Die Recovery Zone company adding a 2nd location – Maximum Mold, Inc., Benton Charter Township, Berrien County

Karla Campbell provided information for the action item.

Ms. Campbell indicated that staff has received a request from Maximum Mold, Inc. to add a second location to the Berrien Tooling Coalition. There was a unanimous vote by the Berrien Tooling Coalition to accept a second location for Maximum Mold, Inc. as a member.

Recommendation: MEDC Staff recommends MSF approval of the property for Maximum Mold, Inc. as a Recovery Zone for its second location and continue being a member of the Berrien Tooling Coalition.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Jackson made a motion for approval of Resolution 2010-107. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

[RECUSED: Richard Rassel]

Resolution 2010-108: Time Extension Request – Majestic Industries, Inc. – Macomb Township, Macomb County

Karla Campbell provided information for the action item.

Ms. Campbell indicated that staff has received a request from Majestic Industries, Inc. to extend the company's original Recovery Zone designation by five years, with a new expiration date of 2019 instead of 2014.

Recommendation: MEDC Staff recommends extension of the Recovery Zone duration on the parcel of property previously designated for Majestic Industries, Inc.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Mondry made a motion for approval of Resolution 2010-108. Mr. Rothstein seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 1 recused; 2 absent.

[RETURNS: Richard Rassel]

Resolution 2010-109: Time Extension Request and Company Changing Coalitions – Schmald Tool & Die, Inc. – City of Burton, Genesee County

Karla Campbell provided information for the action item.

Ms. Campbell indicated that staff has received a request from Schmald Tool & Die, Inc. to extend the company's original Recovery Zone designation by ten years, with a new expiration date of 2022 instead of 2012. Ms. Campbell indicated that staff has also received a request from Schmald Tool & Die, Inc. that its primary coalition/Recovery Zone be the recently designated Michigan Adaptive Coalition Recovery Zone.

Recommendation: MEDC staff recommends extension of the Recovery Zone duration on the parcel of property previously designated for Schmald Tool & Die, Inc. In addition, MEDC staff recommends

allowing Schmald Tool & Die, Inc. to change their membership from that of the United Tooling Coalition Recovery Zone to the Michigan Adaptive Coalition Recovery Zone.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Hodges made a motion for approval of Resolution 2010-109. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-110: Revocation of an Existing Tool & Die Recovery Zone – Camtec, Inc. – Garfield Township, Grand Traverse County

Karla Campbell provided information for the action item.

Ms. Campbell indicated that staff has been notified that Camtec, Inc. has closed operations.

Recommendation: MEDC Staff recommends the MSF revoke the designation of the existing Recovery Zone property for Camtec, Inc.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-110. Mr. Rassel seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2010-111: Revocation of an Existing Tool & Die Recovery Zone – Tool Ventures, Inc. d/b/a Tool Ventures International – City of Kentwood, Kent County

Karla Campbell provided information for the action item.

Ms. Campbell indicated that staff has been notified that Tool Ventures, Inc. has closed operations.

Recommendation: MEDC Staff recommends the MSF revoke the designation of the existing Recovery Zone property for Tool Ventures, Inc.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-111. Mr. Rassel seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent.

ADDITIONAL BUSINESS: Mr. Main asked if there was any additional business to discuss. Being none, Mr. Main adjourned the meeting at 2:53 p.m.