

**MICHIGAN STRATEGIC FUND BOARD**  
**July 28, 2010**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Strategic Fund (MSF) Board was held on Wednesday, July 28, 2010 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq., Lansing, Michigan.

**MEMBERS PRESENT:** Susan Corbin (acting on behalf of Andrew Levin, authorization attached); Linda Ewing (via telephone); Paul E. Hodges, III; George Jackson (via telephone); Robert Kleine; Greg Main; Richard Rassel; Charlie Rothstein

**MEMBERS ABSENT:** James Herbert; Mitch Mondry; James Petcoff

**CALL TO ORDER:** Mr. Main called the meeting to order at 1:28 p.m.

**APPROVAL OF MINUTES:** Mr. Main asked for a motion to approve the June 23, 2010 meeting minutes. **Mr. Kleine motioned approval of the minutes. Mr. Rothstein seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent

**COMMUNICATION ITEMS:** Nathan Ohle, MEDC Board Relations Liaison, advised the Board that recusal letters had been received from Richard Rassel and Paul Hodges for items on the agenda.

**RENAISSANCE ZONES:**

**Resolutions 2010-112 and 2010-113: Frontier Medical Devices, Inc. – Revocation of existing Time Extension and Designation of new Time Extension/New Location – K.I. Sawyer Renaissance Zone – Forsyth Township, Marquette County**

*Karla Campbell, MEDC Manager MEGA Program, provided information for the action item.*

Ms. Campbell indicated that Frontier Medical Devices (FMD) was approved for a renaissance zone time extension on July 29, 2009. Ms. Campbell indicated that the company intended to renovate a leased building, but unforeseen circumstances involving the cost of renovations prevented the company from locating into the project site, and therefore is requesting a time extension for another site located within the K.I. Sawyer Renaissance Zone. Ms. Campbell indicated that FMD will invest \$2.4 million and create 59 jobs as a result of this project.

**Recommendation:** MEDC staff recommends the MSF revoke the ten (10) year renaissance zone time extension for property parcel number AL-44 in the Township of Forsyth in the K.I. Sawyer Renaissance Zone effective December 31, 2010 and find an Event of Default under the Development Agreement which was effective on July 29, 2010. MEDC staff also recommends MSF approval of Marquette County's request for an eleven (11) year time extension for property parcel number AL-31B in the Township of Forsyth in the K.I. Sawyer Renaissance Zone, contingent upon the following: (1) By July 28, 2011, Frontier Medical Devices, Inc. shall have commenced the project outlined in Marquette County's application in the Township of Forsyth in the K.I Sawyer Renaissance Zone; (2) A development agreement is negotiated and signed between Frontier Medical Devices, Inc., Marquette County and the Michigan Strategic Fund; and (3) The Company shall not make any payments in lieu of taxes to any taxing jurisdiction in which the K.I. Sawyer Renaissance Zone is located.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-112. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent. **Mr. Kleine made a motion for approval of Resolution 2010-113. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent.

**Resolution 2010-114: Midwest Manufacturing, a division of Menard, Inc. – Time Extension – City of Saginaw Renaissance Zone, Saginaw County**

*Karla Campbell provided information for the action item.*

Ms. Campbell indicated that Midwest Manufacturing (MM) plans to purchase and renovate a manufacturing plant to open their Michigan operations. Ms. Campbell indicated that MM plans to invest \$5.9 million and create approximately 25 jobs as a result of this project.

**Recommendation:** MEDC Staff recommends MSF approval of the City of Saginaw's request for a 6 year time extension for property parcel numbers 21 0875B00702 and 21 0875B00701, in the Northeast Saginaw subzone in the City of Saginaw Renaissance Zone, contingent upon the following: (1) By July 28, 2011, Midwest Manufacturing, a division of Menard, Inc., shall have commenced the project and started the building renovations and investment as outlined in the City of Saginaw's application in the Northeast Saginaw subzone in the City of Saginaw Renaissance Zone; (2) A development agreement is negotiated and signed between Menard, Inc. and the Michigan Strategic Fund; (3) Parcel number 21 0875B00702 shall be purchased by Midwest Manufacturing, a division of Menard, Inc., by December 31, 2010 otherwise the time extension of the Renaissance Zone shall not go into effect; and (4) Parcel number 21 0875B00701 shall be purchased by Midwest Manufacturing, a division of Menard, Inc., by December 31, 2010, otherwise the time extension of the Renaissance Zone shall not go into effect.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-114. Mr. Russel seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent.

**[GEORGE JACKSON AND LINDA EWING JOIN MEETING BY TELEPHONE]**

**21st CENTURY JOBS FUND:**

**Resolution 2010-115: Credit Suisse Investment**

*Paul Brown, MEDC Capital Markets Development Director, provided information about the action item and introduced presenters: Bob Payne, Manager, Michigan Office, Customized Fund Investment Group; and Sean O'Donnell, Michigan In-State Investment Specialist, Customized Fund Investment Group.*

Mr. O'Donnell outlined a presentation that described the investments made to date by the fund, giving a breakdown of sectors and investments made in Michigan by the fund. Mr. Payne indicated that Credit Suisse is eager to see each fund make their first investment in Michigan to get those funds moving.

*Mr. Rothstein asked if the investments listed by each company were actual investments in Michigan. Mr. Payne indicated that those were investments in Michigan, and that the differences between total investment in a fund and the investments in Michigan based companies was the remainder of the investment from Credit Suisse. Mr. Rothstein indicated that it was important to share the message that money was being invested in Michigan based companies. Mr. O'Donnell indicated that there were great stories to be shared, including that each investment brings a 6x return of investment in Michigan. Mr. Brown indicated that there are not many Michigan based funds, and that this program has helped to bridge a vital gap for Michigan, bringing new investors and investments into the State.*

**[RECUSED:** Paul Hodges]

Mr. Payne indicated that Credit Suisse had done the requisite due diligence and was recommending that the remainder of the fund balance be awarded to MK Capital II, LP, an early and growth stage venture capital firm. Mr. Payne indicated that MK Capital would partner with Arbor Partners in Ann Arbor to create a Michigan office, and that they already had a strong presence in Michigan focusing on high growth technology businesses.

**Recommendation:** MEDC Staff recommends that the MSF Board approve a commitment of \$4.5 million to MK Capital II, LP.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-115. Mr. Rothstein seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused; 3 absent.

**[LINDA EWING LEAVES THE MEETING]**

**[RETURNED:** Paul Hodges]

**[RECUSED:** Richard Rassel]

**Resolutions 2010-116 and 2010-117: COEE Confidentiality Requests**

*Michael Psarouthakis, MEDC Acting VP of New Markets, provided information about the action.*

Mr. Psarouthakis indicated that staff had received confidentiality requests from several applicants to the Centers of Energy Excellence (COEE) program.

**Recommendation:** MEDC Staff recommends that the MSF Board approve the confidentiality requests for the applicants for the COEE program.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-116. Mr. Hodges seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent. **Ms. Corbin made a motion for approval of Resolution 2010-117. Mr. Kleine seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent.

**Resolutions 2010-118 and 2010-119: COEE Investment**

*Steve Bakkal, MEDC Wind Sector Development Director, provided information about the action item and introduced presenters: Ari Lehtonen, President, URV; Jim Collins, Director of Sales and Marketing, URV; Blaire Miller, URV; and Lennart Johansson, Special Advisor to the Governor.*

Mr. Bakkal provided a presentation outlining the goals of the COEE program and reporting on the investments made to date in the program. Mr. Johansson indicated that URV is prepared to build the first foundry built in the United States in over 40 years in support of the wind industry. Mr. Johansson indicated that URV is based in Finland and sells cast iron components for the wind industry throughout the world. Mr. Collins indicated that building a foundry in Michigan will drastically reduce the time required to build the large components of a wind turbine and give Michigan a significant competitive advantage in the wind industry. Mr. Lehtonen indicated that the US Department of Energy has requested that they build the foundry with twice the capacity that they originally had planned, and that URV was very excited to be coming to Michigan. Mr. Psarouthakis indicated that once the remainder of the COEE program balance was approved, that staff would ask for the application period to be closed so that staff could process contracts until the process was opened again for 2011 if funded.

*Mr. Rothstein asked how much the program anticipated having for 2011. Mr. Psarouthakis indicated that they hoped to have \$9 million to invest for 2011. Mr. Main indicated that there were a lot of companies already in the pipeline and that they would be included in the evaluations for the 2011 COEE program.*

*Mr. Hodges asked if URV was the top scoring applicant remaining. He commented that if there is only \$3.5 million remaining, should all of this go to URV or should there be some smaller award. Mr. Psarouthakis indicated that URV was the second highest scoring proposal of all of the applicants for the 2010 program.*

**Recommendation:** MEDC Staff recommends that the MSF Board award \$3.5 million to URV and close the COEE program to additional applications.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-118. Mr. Jackson seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent. **Mr. Kleine made a motion for approval of Resolution 2010-119. Mr. Rothstein seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent.

**[RETURNED:** Richard Rassel]

**PRIVATE ACTIVITY BONDS – ISSUING:**

**Resolution 2010-120: The YMCA of Greater Grand Rapids (Wyoming, Kent County) – NTE \$17,000,000 – New/Non-Profit**

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

Ms. Cranmer indicated that the project includes financing the acquisition and renovation of a 96,000 square foot building, which is expected to help to create approximately 125 jobs.

**Recommendation:** Based upon a determination by Varnum LLP and the State of Michigan Attorney General's Office that the project meets state and federal law requirements for this financing, staff recommends the adoption of the Bond Authorizing Resolution in the amount of NTE \$17,000,000 for this project.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-120. Mr. Kleine seconded the motion.** Trace Cooley, MEDC Legal Assistant, took a Roll-Call Vote.

**Roll Call: Ayes:** Susan Corbin; Paul E. Hodges, III; George Jackson; Robert Kleine; Greg Main; Richard Rassel; Charles Rothstein

**Nays:** None

**Recused:** None

**Absent:** Linda Ewing; James Herbert; Mitch Mondry; James Petcoff

The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

[**RECUSED:** Richard Rassel]

**Resolution 2010-121: GreenPath, Inc. (Farmington Hills, Oakland County) – NTE \$17,500,000 – New/Non-Profit**

*Diane Cranmer provided information for the action item.*

Ms. Cranmer indicated that the project includes financing the acquisition of land, and the construction of a 125,000 square foot facility.

**Recommendation:** Based upon a determination by Butzel Long and the State of Michigan Attorney General's Office that the project meets state and federal law requirements for this financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of NTE \$17,500,000.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-121. Mr. Jackson seconded the motion.** Trace Cooley, MEDC Legal Assistant, took a Roll-Call Vote.

**Roll Call: Ayes:** Susan Corbin; Paul E. Hodges, III; George Jackson; Robert Kleine; Greg Main; Charles Rothstein

**Nays:** None

**Recused:** Richard Rassel

**Absent:** Linda Ewing; James Herbert; Mitch Mondry; James Petcoff

The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent.

[**RETURNED:** Richard Rassel]

**PRIVATE ACTIVITY BONDS – ADMINISTRATIVE:**

**Resolution 2010-122: New Bond Counsel Approval – Clark Hill PLC**

*Diane Cranmer provided information for the action item.*

Ms. Cranmer indicated that staff had received a request from Clark Hill PLC requesting to be added to the approved bond counsel list for the Michigan Strategic Fund.

**Recommendation:** MEDC staff recommends adding Clark Hill PLC to the list of approved Bond Counsel.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-122. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – JOB CREATION:**

**Resolution 2010-123: Saginaw County – Land Acquisition & Improvements for Economic Development - \$7,034,700**

*Katharine Czarnecki, MEDC Community Assistance Team Manager, provided information to the Board for the action item and introduced guest presenter: JoAnn Crary, President, Saginaw Future.*

Ms. Czarnecki indicated that Saginaw County has requested a \$7,034,700 CDBG grant to acquire 181 acres of land, improve the site's infrastructure, and conduct other related activities to create a solar industrial park in Thomas Township. Ms. Czarnecki indicated that it is anticipated that 201 new jobs will be created as a result of this project. Ms. Czarnecki indicated that this project had been approved in a different form on October 28, 2009 but the grant agreement time period has expired. Ms. Crary indicated that this project, as well as the following agenda item, were years in the making, and that Saginaw was poised to create a great solar park to spur development in a much needed area.

*Mr. Rothstein asked if this area would only be available for solar companies. Ms. Crary indicated that the park would be available to solar supply chain companies, and would be able to hold a total of four companies.*

**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 \$7,034,700 be authorized for Saginaw County.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-123. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**[CHARLIE ROTHSTEIN LEFT THE ROOM]**

**Resolution 2010-124: Saginaw County – Suniva, Inc. – Machinery, Equipment and Land Acquisition - \$2,965,300**

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

Ms. Czarnecki indicated that Saginaw County has requested a \$2,965,300 CDBG grant for machinery and equipment purchases and land acquisition in support of Suniva, Inc. Ms. Czarnecki indicated that this project was approved on October 28, 2009; however the grant agreement time period has expired. Ms. Czarnecki indicated that the project will not commence until receiving federal Department of Energy funds, and that Suniva, Inc. plans to invest \$250 million and create 500 jobs as a 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 \$2,965,300 be authorized for Saginaw County. This recommendation is contingent upon Suniva, Inc. successfully completing the U.S. Department of Energy 1705 Loan Guarantee Program's due diligence and receipt of the award.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-124. Mr. Hodges seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent.

**Resolution 2010-125: Mullett Township, Cheboygan County – Downtown Façade - \$110,000**

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

Ms. Czarnecki indicated that Mullett Township has requested an \$110,000 CDBG grant to fund façade improvements to three buildings located within their business district. Ms. Czarnecki indicated that it is anticipated that there will be a \$104,085 investment and 11 new jobs will be created as a 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 \$110,000 be authorized for Mullett Township.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-125. Mr. Hodges seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent.

**Resolution 2010-126: City of Scottville, Mason County – Downtown Signature Building Acquisition - \$50,000**

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

Ms. Czarnecki indicated that the City of Scottville has requested a \$50,000 CDBG grant to acquire a signature building in downtown Scottville. Ms. Czarnecki indicated that it is anticipated that there will be a \$19,900 investment and 3 new jobs created as a 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 \$50,000 be authorized for the City of Scottville. *Mr. Rassel commented on the fact that this a home-based business.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-126. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent.

**[CHARLIE ROTHSTEIN RETURNED TO THE ROOM]**

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – ARRA:**

**Resolution 2010-127: City of Reed City, Osceola County – Flo-Pallet, Inc. – Machinery and Equipment Acquisition - \$500,000**

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

Ms. Czarnecki indicated that the City of Reed City has requested a \$500,000 CDBG-R grant for the acquisition of reconditioned compression molding machines. Ms. Czarnecki indicated that 25 jobs will be created as a result of this project.

**Recommendation:** MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG-R program. Staff recommends that an application in the amount of \$500,000 be authorized for the City of Reed City.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-127. Mr. Rassel seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-128: City of West Branch, Ogemaw County – Infrastructure Improvements - \$744,050**

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

Ms. Czarnecki indicated that the City of West Branch has requested a \$744,050 CDBG-R grant for needed infrastructure improvements.

**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 \$744,050 be authorized for the City of West Branch.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-128. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-129: City of Tawas, Iosco County – Water Main Replacement - \$750,000**

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

Ms. Czarnecki indicated that the City of Tawas City has requested a \$750,000 CDBG-R grant for the replacement of a water main.

**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 Tawas City.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-129. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-130: City of Hartford, Van Buren County – Well Replacement - \$441,000**

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

Ms. Czarnecki indicated that the City of Hartford has requested a \$441,000 CDBG-R grant for the replacement of a well.

**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 \$441,000 be authorized for the City of Hartford.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-130. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – AREA WIDE BENEFIT:**

**Resolution 2010-131: City of Albion, Calhoun County – Downtown Infrastructure - \$197,000**

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

Ms. Czarnecki indicated that the City of Albion has requested a \$197,000 CDBG grant to fund site preparation and parking lot construction on property located in their downtown.

**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 \$197,000 be authorized for the City of Albion.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-131. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

*Mr. Rothstein asked how long it usually takes for an applicant to receive the funds from start to finish. Ms. Czarnecki indicated that it is typically a 30-60 day period to get all of the information together, and then another 60 days from the time the Board approves a project until the funds are sent to the community. Mr. Rothstein asked who gets the money. Ms. Czarnecki explained that the community sends in invoices which are reimbursed. Mr. Rothstein asked if staff checks for conflict of interest. Ms. Czarnecki confirmed they do and described such a situation and its resolution in the Village of Homer matter also before the Board this date.*

**Resolution 2010-132: City of Ironwood, Gogebic County – Downtown Infrastructure - \$610,500**

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

Ms. Czarnecki indicated that the City of Ironwood has requested a \$610,500 CDBG grant to fund a downtown streetscape 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 \$610,500 be authorized for the City of Ironwood.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-132. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-133: City of Bloomington, Van Buren County – Downtown Infrastructure - \$238,882**

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

Ms. Czarnecki indicated that the City of Bloomington has requested a \$238,882 CDBG grant to be used for improvements for two off-street municipally owned parking areas in the core downtown area.

**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 \$238,882 be authorized for the City of Bloomington.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-133. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-134: City of Three Rivers, Calhoun County – Downtown Façade - \$185,850**

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

Ms. Czarnecki indicated that the City of Three Rivers has requested an \$185,850 CDBG grant to make façade improvements for three projects located within their downtown.

**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 \$185,850 be authorized for the City of Three Rivers.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-134. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-135: Village of Homer, Calhoun County – Downtown Façade - \$136,811**

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

Ms. Czarnecki indicated that the Village of Homer has requested a \$136,811 CDBG grant to make façade improvements for four projects located within their downtown.

**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 \$136,811 be authorized for the Village of Homer.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-135. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – AMENDMENTS:**

**Resolution 2010-136: Village of Lincoln – Blight Elimination**

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

Ms. Czarnecki indicated that on November 18, 2009, the MSF Board authorized the Village of Lincoln to submit an application for the Downtown Blight Elimination Project in the amount of \$126,668. Ms. Czarnecki indicated that there were delays associated with compliance issues, which have since been resolved.

**Recommendation:** MEDC Staff recommends that the resolution be amended to allow for an additional 90 days for the Village of Lincoln to submit an executed grant agreement in the amount of \$126,668 for the Downtown Blight Elimination 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 2010-136. Mr. Rothstein seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-137: City of Brighton – Streetscape Improvements**

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

Ms. Czarnecki indicated that on November 18, 2009, the MSF Board authorized the City of Brighton to submit an application for the Downtown Parking Lot and Streetscape Project in the amount of \$399,600. Ms. Czarnecki indicated that there were delays associated with compliance issues, which have since been resolved.

**Recommendation:** MEDC Staff recommends that the resolution be amended to allow for an additional 90 days for the City of Brighton to submit an executed grant agreement in the amount of \$399,600 for the Downtown Parking Lot and Streetscape Project.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2010-137. Mr. Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-138: City of Caseville – Charity Island Productions Sound Studio Project**

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

Ms. Czarnecki indicated that on May 26, 2010, the MSF Board authorized the City of Caseville to submit an application for the Charity Island Productions Sound Studio Project in the amount of \$935,000. Ms. Czarnecki indicated that the building originally planned for the project was no longer available, and thus a new building would need to be authorized. Ms. Czarnecki also indicated that the Village of Caseville is now the City of Caseville.

**Recommendation:** After reviewing the proposal, the MEDC has concluded that the project meets the minimum program requirements to be eligible under the CDBG-R Program. The MEDC recommends that an application for the newly selected site in the amount of \$935,000 be authorized for the City of Caseville.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-138. Mr. Rassel seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**Resolution 2010-139: Thomas Township, Saginaw County – HSC Amendment - \$140,000**

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

Ms. Czarnecki indicated that on March 18, 2009, the MSF Board authorized Thomas Township to submit an application for its two Hemlock Semiconductor Infrastructure Projects in the amount of \$6,795,000. Ms. Czarnecki indicated that there were issues with having only one water main, inadequate and non-uniform water pressure, requiring a looped system to increase water pressure and quality. Ms. Czarnecki indicated that due to logistical challenges, the project is in need of an additional \$30,000 for the water main, and an additional \$110,000 is needed to purchase land to accommodate a water storage tank.

**Recommendation:** After reviewing the proposal, MEDC has concluded that the project meets the minimum program requirements to be eligible under the CDBG program. MEDC recommends that an increase of \$140,000, bringing the total amount of the grant to \$6,935,000, be authorized for Thomas Township.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-139. Mr. Rassel seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – ADMINISTRATIVE:**

**Resolution 2010-140: Upper Peninsula Technical Assistance**

*Kevin Bonds, MEDC Program Process and Policy Manager, provided information to the Board for the information item.*

Mr. Bonds indicated that pursuant to the Regional Planning Act, Public Act 281 of 1945, the counties in the Upper Peninsula (UP) have formed regional planning commissions. Each regional planning commission represents the various units of local government within their defined jurisdictions for planning and economic development and, as a whole; these three commissions comprise the entire UP. Mr. Bonds indicated that the federal CDBG regulations allow for the issuance of grants for technical assistance associated with the administration of an eligible grant to a community. Mr. Bonds indicated that for several years the Michigan Strategic Fund (MSF) President has signed technical assistance grant contracts for the three Upper Peninsula Regional Planning and Development Commissions. This was done based on years of past practice of assumed delegated authority. In fiscal year 2009, the MSF President again signed technical assistance grant contracts for

the three Upper Peninsula Regional Planning and Development Commissions for the 2010 CDBG grant year. As the MSF has not yet received its 2010 fiscal year CDBG funds from the U.S. Department of Housing and Urban Development (HUD), no funds have been disbursed on these grant contracts. Mr. Bonds indicated that in recent consult with counsel to the MSF, it was determined that this past practice was not consistent with the required procedure of having the MSF Board approve any contracts or grants that are funded by the federal CDBG allocation. Mr. Bonds stated that the request to the MSF Board is to remedy this situation and void the three existing grant contracts for which no funds have been expended and to approve the proper issuance of the three (3) technical assistance grants. The prior grant agreements will be terminated with the commissions.

**Recommendation:** MEDC Staff recommends that the MSF Board approve issuance of the following technical assistance grants contingent upon receipt of the FY 2010 federal CDBG award: (1) Central Upper Peninsula Regional Planning and Development Commission -\$27,000; (2) Western Upper Peninsula Regional Planning and Development Commission - \$73,000; and (3) Eastern Upper Peninsula Regional Planning and Development Commission - \$12,000. *Mr. Rothstein inquired about the computation of the award and use of the money by the grantees. Mr. Rassel asked whether these awards will come back to the Board. The response was yes.*

**Board Discussion:** Mr. Main asked if there were any more questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-140. Mr. Rassel seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

**PUBLIC COMMENT:** Murray Wikol, CFP Michigan, indicated that financing of bonds in Michigan has been very difficult over the past couple of years, and stated that he would like the MSF Board to consider a couple of options to make the market easier to work with. Mr. Wikol indicated that allowing for a longer marketing period (up to 120 days) for the bonds would be a great help in selling bonds. Mr. Wikol also asked that the board consider allowing bonds to be sold in \$5,000-\$10,000 denominations instead of the typical \$100,000 denominations.

*Mr. Rothstein asked why they would want bonds in smaller denominations to be approved when typically they are sold in higher denominations to get a higher rating on the bonds. Mr. Wikol stated that it would allow firms to sell bonds much more easily because they would be able to sell the bonds to other people that typically would not be able to purchase the bonds in higher denominations.*

*Mr. Rothstein asked what other states did in regards to bonds. Tim Konieczny, Assistant Attorney General, indicated that while he could not address what other states do in 1993 the MSF Board approved a rating resolution for its bond program because of defaults in the nursing home industry. Mr. Konieczny indicated that this resolution required a letter of credit, bond insurance or rating for MSF bonds to be sold, or they had to be purchased by a sophisticated investor in \$100,000 denominations in order to protect the MSF board.*

*Mr. Rothstein asked that the Board put this issue on the next month's agenda. Mr. Brown indicated that staff would come back next month with more information about what other states do.*

**ADDITIONAL BUSINESS:** Mr. Main asked if there was any additional business to discuss. Being none, Mr. Main adjourned the meeting at 2:54 p.m.