

**MICHIGAN STRATEGIC FUND BOARD**  
**November 18, 2009**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Strategic Fund (MSF) Board was held on Wednesday, November 18, 2009 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq. N., Lansing, Michigan.

**MEMBERS PRESENT:** Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Linda Ewing; James Herbert; Paul E. Hodges, III; Robert J. Kleine; Greg Main; James Petcoff; Richard Rassel

**MEMBERS ABSENT:** George Jackson; Mitch Mondry; Charlie Rothstein

**CALL TO ORDER:** Mr. Main called the meeting to order at 1:34 p.m. Mr. Main stated that a new item had been added to the agenda; agenda item C-3, to be presented by Ned Staebler, MEDC VP, Capital Access and Business Acceleration.

**APPROVAL OF MINUTES:** Mr. Main asked for a motion to approve the October 28, 2009 meeting minutes. **Treasurer 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:** Mr. Main asked if there was any public comment. There was none.

**COMMUNICATION ITEMS:** Nathan Ohle, MEDC Board Relations Liaison, advised the Board that he had received a recusal letter from Richard Rassel for Agenda Item D-2.

**21st CENTURY JOBS FUND:**

**Resolution 2009-175: Phios Sale of Assets**

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

Ms. Smith spoke about Phios notifying the MEDC that the company had halted all operations. Ms. Smith talked about the MEDC holding collateral in the form of equipment that Phios willingly moved to an equipment depot operated by Ann Arbor SPARK. Ms. Smith stated that the equipment is being independently appraised.

**Recommendation:** MEDC Staff recommends that the MSF approve moving forward to pursue completion of a written agreement with Phios, or proceeding with notification to Phios as allowed under the UCC, that the MSF accepts the Collateral in exchange for retiring all of the debt owed (full satisfaction). MEDC Staff has discussed this matter with the MSF Investment Subcommittee and understands that the MSF Investment Subcommittee supports the recommendation.

*Mr. Herbert stated that the Subcommittee discussed the action item and believes that this is the “right and only course of action.”*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-175. Treasurer Kleine seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-176: Accuri Cytometers, Inc. (Accuri) – Intercreditor Agreement**

*Leslie Smith provided information about the action.*

Ms. Smith spoke about Accuri which received a \$2 million convertible loan from the MSF in 2006. Accuri has developed a cytometer (an apparatus for counting and measuring cells) called the C6 Flow

Cytometer™ System (C6 System). The C6 System can rapidly do everything that leading cytometers can do but at a fifth of the cost. Accuri has aggressively taken the C6 System to market and has had greater than anticipated success. Accuri has searched for financing to support its working capital needs and has recently agreed to terms regarding a \$1.5 million line of credit from Silicon Valley Bank (SVB).

**Recommendation:** MEDC Staff recommends finalization of an Intercreditor Agreement with SVB and reciprocal consents with Venture Lending & Leasing IV, Inc. and Venture Lending and Leasing V, Inc. (collectively, VLL) to allow the MSF and VLL to finalize their respective Intercreditor Agreements with SVB (as listed in the briefing memo). The SVB loan is anticipated to provide Accuri with the ability to meet its repayment structure on the MSF loan which begins January 1, 2010.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. *Mr. Herbert complimented the Staff on their good work and stated this was a good end result. Mr. Staebler added that Accuri is exciting and is currently exceeding their milestones.* Being no further questions, **Treasurer Kleine made a motion for approval of Resolution 2009-176. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

### **2010 Planning Discussion**

*Ned Staebler provided a presentation detailing proposed plans for the 21<sup>st</sup> Century Jobs Fund in 2010.*

Mr. Staebler began his presentation about his hope for the 2010 year. Mr. Staebler spoke about new quarterly updates, which will be more like the private sector, showing the number of jobs and dollars per job. Mr. Staebler also talked about the measurement complications that his staff faced with jobs vs. spin off jobs. Mr. Staebler provided a recent success story as he talked about HandyLab, Inc., its acquisition by another firm, the MEDC's return on investment, and the likelihood that HandyLab, Inc. will stay in Michigan. Mr. Staebler talked about finding companies who are the over performers and staying closely involved with them. Mr. Staebler spoke about the financial process of start up companies in relation to an s-curve. The left side of the curve is akin to companies just starting out, with credit cards and family/friend loans, and the very right of the slide is akin to "Bill Gates [Microsoft]" as an example. Mr. Staebler then pointed out where there is a gap between the two sides of the curve. Mr. Staebler indicated that staff tries to identify funding gaps within the curve, and that staff feels it is necessary to focus on the short term needs of job creation for the State. Mr. Staebler continued and spoke about the specifics of the three tiered program focusing on these areas: (1) Capital; (2) Ideas; and (3) Talent. Mr. Staebler spoke about his hope of creating a farm system for the next generation of venture capitalists through an accelerator fund program. Mr. Staebler talked about the additional Staff needed to assist companies that cannot afford mentors through the start up process and not having enough aid available for follow up with companies after they have been awarded funds. Mr. Staebler continued to talk about how he anticipates making a presentation to the SEIC Board about a possible accelerator fund program which will more than likely be modeled after an Illinois program; essentially involving accelerator funds that would help serve all three areas of need: Capital, Ideas and Talent.

*Mr. Rassel asked about possible management fees for the awardees. Mr. Staebler responded that there would be additional administrative fees added into the awards so that the "accelerator funds" would have the opportunity to hire more specialists to monitor and vet potential investments. Mr. Herbert spoke about various investment groups in Michigan and asked if they were involved. Mr. Staebler responded that staff has been vetting the model with experts from throughout the State and that the feedback was very positive. Mr. Herbert suggested deeper due diligence and reviews to screen applicants were necessary to be successful. Mr. Herbert also stated that it's time to try to focus on the winners, and that this model could potentially do that much more effectively than the previous business competition model. Mr. Main spoke about the impossibility of identifying winners without deeper due diligence, not just a 45 minute interview.*

**PRIVATE ACITIVITY BONDS – ISSUING:**

**Resolution 2009-177: Holland Home – (Grand Rapids, Kent County) – Amendment/Reissuance Series 2004 -- Nonprofit**

*Diane Cranmer, MEDC IDRIB Specialist, provided information about the action.*

Ms. Cranmer indicated that Holland Home has requested that the Bank purchase all of the outstanding Bonds and hold the Bonds for an initial Bank Purchase Rate Period of approximately three years. Ms. Cranmer stated [to maintain tax exempt status] it is likely that similar documentation will come before the Board in December to take action to authorize a new Bank Purchase Rate mode for the Series 2005 Bonds.

**Recommendation:** MEDC Staff recommends the adoption of the Resolution approving the Amended and Restated Bond Trust Indenture and the First Amendment to Loan 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 2009-177. Mr. Herbert seconded the motion.** Josh Piland, MEDC Board Relations Administrative Assistant, took a Roll-Call Vote.

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

The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

[**Recused:** Richard Rassel]

**Resolution 2009-178: St. Catherine of Siena Academy – (Wixom, Oakland County) – NTE \$28,005,000 – New/Non-Profit**

*Diane Cranmer provided information about the action.*

Ms. Cranmer spoke about the project which involves the financing of the aquisition, construction and furnishing of equipment for a nonprofit all girl Catholic High School located in Wixom, Oakland County. The Archdiocese of Detroit has agreed 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 placement agent as a “Moral Obligation”). The Moral Obligation is not a legally binding agreement of the Archdiocese of Detroit. Ms. Cranmer spoke about the project being approved on September 30, 2009 by the MSF Board. However, since the financing did not close before the October 23, 2009 expiration of the Bond Authorizing Resolution, the matter was again before the Board.

**Recommendation:** MEDC Staff recommends the adoption of the Bond Authorizing Resolution for this project in the amount of NTE \$28,005,000.

*Tim Konieczny, Assistant Attorney General, spoke about receiving a phone call from Bond Counsel on his way to the meeting which prompted him to request the MSF Board designate these as Qualified Tax Exempt Obligation Bonds. Mr. Konieczny stated that the Resolution as drafted does not contain this designation. He requested that the meeting minutes reflect that the MSF Board, in approving this resolution, designate the Bonds as Qualified Tax Exempt Revenue Bonds under the Internal Revenue Code.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-178, as modified to include the Bonds being designated as Qualified Tax Exempt Revenue Bonds under the IRC. Treasurer Kleine seconded the motion.** Josh Piland, MEDC Board Relations Administrative Assistant, took a Roll-Call Vote.

**Roll Call:**     **Ayes:** Linda Ewing; Susan Corbin; James Herbert; Paul E. Hodges, III; Robert J. Kleine; Greg Main; James Petcoff

**Nays:** None  
**Recused:** Richard Rassel  
**Absent:** George Jackson; Mitch Mondry; Charles Rothstein

The motion carried unanimously – 7 ayes; 0 nays; 1 recused; 3 absent.

[**Returned:** Richard Rassel]

**RENAISSANCE ZONES:**

**Renaissance Zones (RZ) Presentation**

*Kevin Bonds, MEDC Manager Community Services Manager introduced Lisa Pung, MEDC Renaissance Zone Analyst, who gave a presentation on the current RZ's in Michigan.*

Ms. Pung spoke in detail about the Renaissance Zone program, both in regards to process and the actual types and number of Renaissance Zones in the State of Michigan.

*Mr. Petcoff asked what it means to join [a Tool & Die RZ]. Shannon Crawford, MEDC RZ Analyst, answered Mr. Petcoff indicating that each Tool & Die RZ has different requirements and is highly selective making certain that every member agrees that collaboration is in the best interest of the Tool & Die RZ companies. Mr. Herbert asked Mr. Main if it would be appropriate to ask what were the objectives of the Tool & Die RZ's and for a report on their successes and failures. Mr. Main agreed that it would be appropriate and beneficial. Mr. Main asked if the Staff would be able to put a presentation together for the December meeting. Mr. Bonds indicated that Staff would plan the presentation for the February MSF Board meeting since his Staff is working diligently to disburse CDBG money to municipalities throughout Michigan.*

**Resolution 2009-179: Time Extension – City of Battle Creek, Calhoun County, City of Battle Creek/Kalamazoo County Renaissance Zone – The Hinman Company**

*Kevin Bonds provided information for the action item and introduced guest presenters: Doug Voshell, Battle Creek Unlimited; Anmar Atchu, Vice-President of Marketing and Leasing, Hinman Company.*

Mr. Bonds indicated that The Hinman Company owns and manages approximately two million square feet of retail, office, and residential properties in Michigan. The Hinman Company has indicated that the BC Tower is an integral component of an overall downtown transformation of the City of Battle Creek. The City of Battle Creek is requesting a modification to the BC Tower subzone in the City of Battle Creek/Kalamazoo and Kalamazoo County Renaissance Zone supported by Calhoun County. Mr. Bonds spoke about the details of time extensions on specific parcels of property. Mr. Voshell talked about this project being part of a major change in Battle Creek coupled with private investments. Mr. Atchu thanked the MSF Board for its time and talked about being on the cusp of very neat things in an economy that is not so exciting. Mr. Atchu stated that he literally has 20 contractors ready to go tomorrow, pending approval of the action.

*Mr. Herbert asked what exactly was the purpose of the project. Mr. Voshell answered talking about rearranging office space and rearranging the downtown area in order to keep and maintain a day time population. Mr. Herbert asked about what kind of training activities were involved in the project. Mr. Atchu spoke about food protection and inspection and stated it was his hope to help make Battle Creek the center for food protection. Treasurer Kleine asked if the development was currently occupied. Mr. Atchu answered yes, but noted that he anticipated movement into the additional development space.*

**Recommendation:** MEDC Staff recommends MSF approval of the City of Battle Creek's request for a nine (9) year time extension (contingent to criteria listed in the briefing memo).

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-179. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-180: Amendment to reflect change in ownership – Agricultural Processing Renaissance Zone – Township of Colfax, Oceana County – Chase Farms Inc. to Arbre Farms Corporation and Willow Cold Storage Corporation**

*Kevin Bonds provided information to the Board for the action item and introduced guest presenter C.O. Johnson, President, Arbre Farms Processing.*

Mr. Bonds indicated that the Agricultural Processing RZ for Chase Farms was approved in 2005 by the State Administrative Board. Mr. Bonds talked about the MSF Board needing to recommend consideration for approval to the State Administrative Board before the change in RZ ownership could occur. Mr. Johnson spoke about salvaging what business could be salvaged from Chase Farms Inc. in a timely manner.

**Recommendation:** MEDC Staff recommends MSF consideration for recommendation of approval to the State Administrative Board of the request to amend the designation of property ownership to Arbre Farms Corporation and Willow Cold Storage Corporation.

*Mr. Herbert asked what kinds of crops were involved. Mr. Johnson answered that asparagus, carrots, peas, squash, and cherries were all used. Mr. Herbert asked for a little more background as to why Chase Farms Inc. was a necessary acquisition. Mr. Johnson indicated that it had always been a distribution point for Arbre Farms and Willow Cold Storage Corporation. Mr. Herbert asked if this was a further integration of their system, and Mr. Johnson stated that is correct.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-180. Mr. Russel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-181: Amendment to reflect change in ownership – Renewable Energy Renaissance Zone – City of Kentwood, Kent County – Heat Transfer International Inc. to Heat Transfer International, LLC**

*Kevin Bonds provided information to the Board for the action item and introduced guest presenter Yvonne Prouty, Owner, Yvonne Prouty, LLC.*

Mr. Bonds indicated that the Renewable Energy RZ for Heat Transfer International, Inc. (HTI) was approved in 2005 by the State Administrative Board. HTI elected Subchapter S status treatment some time ago. It is currently negotiating the terms of a significant investment. The proposed investor cannot for tax reasons be a shareholder in a Subchapter S corporation. HTI is forming a new acquisition LLC, and plans to transfer all of its assets into the new LLC, and reflect a name change to Heat Transfer International, LLC. Mr. Bonds talked about the MSF Board needing to recommend consideration for approval to the State Administrative Board before the change in RZ ownership could occur.

**Recommendation:** MEDC Staff recommends MSF consideration for recommendation of approval to the State Administrative Board of the amended designation request to Heat Transfer International, LLC and property ownership of Yvonne Prouty, LLC. The transfer to Heat Transfer International, LLC must occur on or before December 31, 2009.

*Mr. Herbert asked how changing to an LLC makes it more attractive for further investment. Ms. Prouty stated that strategic investors/venture capitalists cannot invest in “C” corporations. Mr. Main indicated that it was interesting because usually that’s not the way businesses become more attractive, but if the company was requesting the change, then there was certainly a business case for the change.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being no further questions, **Mr. Petcoff made a motion for approval of Resolution 2009-181. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-182: Revocation – Agricultural Processing Renaissance Zone – City of Scottville, Mason County – Diversified Natural Products (DNP) LLC**

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

Mr. Bonds indicated that DNP had not submitting annual reports for 2008 and 2009 to meet the stipulations granting a RZ. The company has received notification of Staff's recommendation to the MSF Board for RZ revocation. The revocation requires recommendation of approval by the Michigan Commission of Agriculture (MCA) and the MSF Board to submit for final approval by the State Administrative Board.

**Recommendation:** MEDC Staff recommends MSF consideration for recommendation of approval to the State Administrative Board of the revocation of the existing Agricultural Processing RZ for DNP effective for 2010.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-182. Ms. Ewing seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-183: Revocation – Agricultural Processing Renaissance Zone – Carp Lake Township, Ontonagon County -- Subterra**

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

Mr. Bonds indicated that Subterra was not able to meet its original obligations for RZ status. The MEDC drastically reduced the scope of the project. However, Subterra was not able to meet benchmarks set for it. The company has revised its strategic plan and has requested withdrawal from the Agricultural Processing RZ designation. The revocation requires recommendation of approval by the Michigan Commission of Agriculture (MCA) and the MSF Board to submit for final approval by the State Administrative Board.

**Recommendation:** MEDC Staff recommends MSF consideration for recommendation of approval to the State Administrative Board of the revocation of the existing Agricultural Processing RZ designation for Subterra, LLC effective beginning in 2010.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-183. Mr. Russel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**TOOL & DIE RECOVERY ZONES:**

**Resolution 2009-184: Join Existing Tool & Die Recovery Zone – Aggressive Tool & Die, Inc.(AT&D) – City of Coopersville, Ottawa County, to join Coopersville Tooling Coalition**

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

Mr. Bonds indicated that Staff has received a request to join the Coopersville Tooling Coalition from AT&D. AT&D utilizes the most advance technologies in the industry. The Coopersville Tooling Coalition voted unanimously to accept AT&D as a member.

**Recommendation:** MEDC Staff recommends MSF approval of the property for AT&D to be designated as a Recovery Zone and join the Coopersville Tooling Coalition.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Russel made a motion for approval of Resolution 2009-184. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-185: Join Existing Tool & Die Recovery Zone – Azko Pattern Manufacturing, Inc. – City of Muskegon Heights, Muskegon County, to join the Tooling Advantage Group**

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

Mr. Bonds indicated that staff has received a request to join the Tooling Advantage Group from Azko Pattern Manufacturing. There was a unanimous vote by Tooling Advantage Group to accept Azko Pattern Manufacturing as a member.

**Recommendation:** MEDC Staff recommends MSF approval of the property for Azko Pattern Manufacturing to be designated as a Recovery Zone and join the Tooling Advantage Group.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Russel made a motion for approval of Resolution 2009-185. Ms. Corbin seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-186: Time Extension Request – Eckhart & Associates, Inc. – Watertown Charter Township, Clinton County**

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

Mr. Bonds indicated that Staff has received a new resolution from Watertown Charter Township requesting that the MSF approve extending the existing Recovery Zone designation for Eckhart & Associates for an additional two-year period, for a combined total of 8 years, with a new expiration date of 2014, rather than 2012.

**Recommendation:** MEDC Staff recommends the MSF extend the Recovery Zone duration on the parcel of property designated for Eckhart & Associates at 16185 National Parkway, Lansing, MI.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2009-186. Ms. Corbin seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-187: Time Extension Request – Grand Die Engravers, Inc. – City of Grand Rapids, Kent County**

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

Mr. Bonds indicated that Staff has received a new resolution the company obtained from the City of Grand Rapids requesting that the MSF approve extending the original five-year Recovery Zone designation for Grand Die Engravers for an additional five-year period, for a total of 10 years, with a new expiration date of 2017, rather than 2012.

**Recommendation:** MEDC Staff recommends the MSF extend the Recovery Zone duration on the parcels of property previously designated for Grand Die Engravers, Inc. at 233 Wealthy Street SW, Grand Rapids, MI.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-187. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-188: Revocation of an Existing Tool & Die Recovery Zone – Whitehead Tool & Die – Schoolcraft Township, Kalamazoo County**

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

Mr. Bonds indicated that Staff has received written notification from the Recovery Zone contact person that Dan Miller LLC d/b/a Whitehead Tool & Die had his equipment repossessed by the previous owner and this put him out of business. The new owner is not participating or complying with the collaborative agreement.

**Recommendation:** MEDC Staff recommends the MSF revoke the designation of the existing Recovery Zone property for Whitehead Tool & Die, located at 15075 US Highway 131 South, Schoolcraft, MI.

*Mr. Petcoff asked how much tax revenue is forgone by the Recovery Zones. Mr. Petcoff asked is there some kind of limit. Treasurer Kleine stated that there is no limit and that he did not readily know the exact numbers. Treasurer Kleine spoke about a possible estimate. Mr. Bonds stated that he would get the numbers for Mr. Petcoff. Mr. Petcoff talked about the idea of reviewing a cost benefit analysis and stated the need to look at the macro picture vs. the micro focus. Treasurer Kleine said he could find out what is the current criteria. Mr. Perrelli stated from the AG's perspective [the program] has been amended many times [complicating matters].*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-188. Ms. Ewing seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

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

**Resolution 2009-189: City of Gaylord, Otsego County, Façade Improvement Grant -- \$130,015**

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

Mr. Bonds indicated that the City of Gaylord has requested \$130,015 CDBG to fund a façade improvement on a vacant building making it a LEED certified mixed use space.

**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 \$130,015 be authorized for the City of Gaylord.

*Mr. Petcoff asked whether this was stimulus money. Mr. Bonds said it is federal dollars, but not stimulus money.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-189. Treasurer Kleine seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-190: Village of L’Anse, Baraga County, CertainTeed Ceilings, Corp. - \$666,007**

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

Mr. Bonds indicated that the City of Grand Haven has requested a \$200,000 CDBG to fund façade renovations to two buildings owned by the City and located in its downtown area. The project currently looks like a strip mall and will be transformed into a building conformed to the rest of the downtown area. The project location is by the waterfront and a gateway to the City.

**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 \$200,000 be authorized for the City of Grand Haven.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-190. Ms. Corbin seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-191: Village of Lincoln, Alcona County, Downtown Blight Elimination Grant -- \$128,668**

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

Mr. Bonds indicated that the Village of Lincoln has requested a \$128,668 grant through the CDBG for the demolition of two buildings in the heart of its downtown district to eliminate blighted and dangerous conditions.

**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 \$126,668 be authorized for the Village of Lincoln.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Russel made a motion for approval of Resolution 2009-191. Ms. Corbin seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**COMMUNITY DEVELOPMENT BLOCK GRANT – JOB CREATION/INFRASTRUCTURE:**

**Resolution 2009-192: City of Brighton, Livingston County, Downtown Parking Lot and Streetscapes Project -- \$399,600**

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

Mr. Bonds indicated that the City of Brighton has requested a \$399,600 CDBG to fund a public parking lot adjacent to a new commercial building located at 205 West Grand River. The CDBG grant will also fund streetscape enhancements fronting the new development on the west side of Grand River Avenue, extending from St. Paul Street to the north end of the site. The project is expected to result in the creation of 34 new job positions over the next two years.

**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 \$399,600 be authorized for the city of Brighton.

*Treasurer Kleine asked if the jobs are permanent and of what kind. Mr. Bonds spoke about a variety of permanent jobs being created as a result of the anticipated types of businesses that are expected to move into the project site.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-192. Ms. Corbin seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-193: City of Fremont, Newaygo County, Southeast Downtown Parking Lot Project -- \$220,000**

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

Mr. Bonds indicated that the City of Fremont has requested a \$220,000 CDBG for the renovation of the Southeast downtown parking lot as part of its revitalization plan. The project is expected to create 11 full-time positions.

**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 \$220,000 be authorized for the City of Fremont.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-193. Mr. Petcoff seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2009-194: City of Gaylord, Otsego County, Signature Building Acquisition -- \$114,750**

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

Mr. Bonds indicated that the City of Gaylord has requested an \$114,750 CDBG to fund the acquisition of a three-story vacant building. The plan is to convert it into an LEED certified mixed use space. The anticipated investment is \$429,840.

**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 \$114,750 be authorized for the City of Gaylord.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2009-194. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 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 talked about the CDBG program heading in the right direction. Mr. Bonds indicated that about \$30 million in ICE offerings would be before the Board in January, and that the program was increasing its spend rate per the HUD's recommendation.

**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 2:50 p.m.