

MICHIGAN STRATEGIC FUND BOARD
August 26, 2009

ADOPTED MEETING MINUTES

A meeting of the Michigan Strategic Fund (MSF) Board was held on Wednesday, August 26, 2009 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq. N., Lansing, Michigan.

MEMBERS PRESENT: Linda Ewing; James Herbert; George Jackson; Robert J. Kleine; Greg Main; Mitch Mondry; James Petcoff; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Richard Rassel; Charles Rothstein

MEMBERS ABSENT: Paul E. Hodges, III

CALL TO ORDER: Mr. Main called the meeting to order at 1:35 p.m.

APPROVAL OF MINUTES: Mr. Main asked for a motion to approve the July 29, 2009 meeting minutes. **Treasurer Kleine motioned approval of the minutes. Ms. Ewing seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 2 absent (James Herbert did not vote)

PUBLIC COMMENT: Mr. Main asked if there was any other public comment. *Jane Scherzer, Michigan Certified Development Corporation; and Eric Kohler, Commercial Loan Officer MCDC; spoke about their support for the Michigan Collateral Support Program (MCSP). Ms. Scherzer stated that in many of their loan discussions the only reason why a company has support is the MCSP.*

COMMUNICATION ITEMS: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that Agenda Item D-1 (Marathon Oil Corporation) had been pulled from the August MSF Board Agenda.

21st CENTURY JOBS FUND:

Resolutions 2009-094: Credit Suisse Extension Request

Paul Brown, MEDC Capital Markets Manager, provided information for the action item.

Mr. Brown spoke about the Michigan 21st Century Investment Fund Limited Partnership Agreement (LP Agreement), the “Commitment Period”, in which initial capital commitments are made to venture, private equity, and mezzanine firms, is to end on “(i) the third anniversary of the Closing Date, except as extended by the General Partner with the consent of the Limited Partner, and (sic) (ii) the date on which the General Partner shall deem the Partnership to be fully invested or committed for investment”. The Closing Date of the Limited Partnership Agreement was July 27, 2006, thus, the initial expiration of the Commitment Period was July 27, 2009. Approximately \$850,000 remains unused by the Fund to date and is available for new commitment making this extension necessary. The remainder comes from a co-investment commitment to Microposite Inc. Only approximately \$1.65 million of the original \$2.5 million commitment to Microposite will remain committed. The General Partner is currently conducting due diligence for a new potential commitment(s).

Recommendation: MEDC Staff recommends that the Michigan Strategic Fund Board extend the Commitment Period for the Michigan 21st Century Investment Fund to the earlier of: (i) December 31, 2009, or (ii) the date on which the General Partner shall deem the Partnership to be fully invested or committed for investment.

Board Discussion: Mr. Main asked if all venture capital investments have closed. Ned Staebler, MEDC VP of Capital Access and Business Acceleration, answered that there are a couple still pending. Mr. Main asked if there were any questions from the Board. Being no further questions, **Treasurer Kleine made a motion for approval of Resolution 2009-094. Mr. Rassel seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolutions 2009-095: Correction to Michigan Collateral Support Program Guidelines

Paul Brown provided information for the action item.

Mr. Brown stated that on June 24, 2009, the MSF Board approved the Michigan Collateral Support Program (“MCSP”) guidelines and the Cash Collateral Deposit Agreement for use within the MCSP.

In the last paragraph, the guidelines state, “In no case, can the deposit represent more than 49.9% of the total collateral value (as factored by the lending institution) in any single Deposit Agreement.” Italics provided. The sentence should have included the phrase “total loan amount” rather than “total collateral value (as factored by the lending institution)”

Recommendation: MEDC Staff recommends that the last paragraph of the guidelines be corrected to replace the phrase “total collateral value (as factored by the lending institution)” with the correct phrase, “total loan amount.”

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-095. Mr. Mondry seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-096: Transfer of Funds from the Choose Michigan Fund Program to the Michigan Supplier Diversification Fund

Paul Brown provided information for the action item.

Mr. Brown explained the Resolution and provided the recommendation.

Recommendation: MEDC staff recommends that the MSF Board direct the transfer of \$1,300,000 from the Choose Michigan Fund Program (CMFP) to the Michigan Supplier Diversification Fund (MSDF).

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-079. Ms. Ewing seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-097: Approval of Cash Collateral Deposits for Mark One Corporation or an Affiliated Entity for the Michigan Collateral Support Program

Eric Hanna, MEDC MEGA Program Analyst, provided information on the action item and introduced guest presenters: Frank Kessler, Owner/Founder, Mark One; Jerry Van Whyte, Co-Owner and Counsel, Mark One; and Tom McKinley, Independent Bank

Mr. Hanna talked about Independent Bank considering taking on a loan for Mark One Corp. for the development of their GreenCleen™ product. Mr. Hanna stated that the MEDC Collateral Support Program makes the deal possible. Mr. Kessler spoke about Mark One developing GreenCleen™, an innovative way to clean roll steel in a cost-effective and environmentally friendly manner with a brush, soap, and hot water, rather than a chemical bath. Mr. Kessler talked about 50 orders for the GreenCleen™ system and how he hoped to entirely replace the company’s base product line with the new GreenCleen™ product line.

Mr. Herbert asked about annual revenue. Mr. Kessler answered that the company’s annual revenue is \$2-4 million. Mr. Kessler further explained that the new machines are labor intensive and built to spec taking 9-18 months to complete and sold for up to \$4 million. Mr. Kessler continued to talk about potential clients included steel, stainless steel, and aluminum producers including actual firms like U.S. Steel and Nucor. Treasurer Kleine asked what the estimated market size was for the GreenCleen™ product. Mr. Kessler answered that it would be about \$200 million. Treasurer Kleine stated that he realized it’s early in the product lifecycle then asked if there had been any repeat business. Mr. Kessler answered that there had as of yet been no repeat business, but that it was because their product lasts a long time and it’s too early to tell how long they will last on average.

Recommendation: MEDC staff recommends approval of the opportunity under the structure proposed below. The approval will comprise two separate Deposit Agreements. The MEDC believes the diversification opportunity, the employment impact in the Otsego County area, and the long and

aggressive sales pipeline of the company are compelling reasons to exceed the program's \$500,000 signature authority limit. **Request A:** Borrower: Mark One Corporation (or appropriate holding entity). Lender: Independent Bank. Loan Amt: Up to \$1,800,000 (subject to bank's deposit requirements). MSF Cash Collateral: Up to \$898,200 Collateral Support Deposit (12 Month CD) (subject to 49.9% limiter). Loan Type: Matures approximately 09/30/2010 + continuing renewals if applicable. Fees: Tier II: 2.0% at Closing. 1.0% annually thereafter on unreleased balance. Exit Fee: 3.0% of eligible balance

Request B: Borrower: Mark One Corporation (or appropriate holding entity). Lender: Independent Bank. Loan Amt: Up to \$1,250,000 (subject to banks deposit requirements). MSF Cash Collateral: Up to \$300,000 Collateral Support Deposit (12 Month CD) subject to 49.9% limiter). Loan Type: Matures approximately 09/30/2024. Fees: Tier I: 2.5% at Closing. Exit Fee: 3.0% of eligible balance.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Russel made a motion for approval of Resolution 2009-097. Treasurer Kleine seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-098: Approval of Cash Collateral Deposits for Morley Companies, Inc. and Related Entities, Including LPC Partners, L.C., for the Michigan Collateral Support Program

Eric Hanna provided information on the action item and introduced guest presenters: Chris Furlough, Principle & President, Morley Companies, Inc.; David Green, SVP Commercial Lending, Citizens Bank; and Stuart Forsyth, Regional President Commercial Lending, Citizens Bank

Mr Hanna spoke about Morley Company, and a contract they have won with IBM which deals with technical assistance for business and consumer IBM hardware, software and networking customers. Technicians are IT trained in network engineering, hardware and software structure/support and in IT troubleshooting & security areas. Mr. Hanna stated that the MEDC, SBA, and Citizens Bank all have a stake in this project.

Recommendation: MEDC Staff recommends approval of Michigan Collateral Support Program deposits and finalization of three separate Deposit Agreements, under the structures proposed below, subject to final due diligence, the company entering into an agreement which will require the company to deposit with the lender an identical dollar amount to that of the MEGA Tax Credit Award each year beginning with the 2011 tax year, and the following terms and conditions: **Loan 1:** Borrower: Morley Companies, Inc. (and any and all related persons or entities as determined by the bank and reviewed by the CCO). Lender: Citizens Bank. Loan Amt: up to \$3,000,000 (in additional revolving availability). MSF Cash Collateral: Up to \$1,432,000 Collateral Support Deposit (Savings Rate) (subject to 49.9% limiter). Loan Type: Matures 04/30/2010 + continuing renewals. Fees: Tier I: 3.0% on the MSF Deposit at Closing (\$42,960). Exit Fee: 5.0% of eligible balance. **Loan 2:** Borrower: Morley Companies, Inc. (and any and all related persons or entities as determined by the bank and reviewed by the CCO). Lender: Citizens Bank. Loan Amt: \$983,000 (Modification of Security on Existing Note). MSF Cash Collateral: Up to \$443,000 Collateral Support Deposit (Savings Rate) (subject to 49.9% limiter). Loan Type: Matures 06/03/2014 (5 year note with 5 year amortization). Fees: Tier I: 3.0% on the MSF Deposit at Closing (\$13,290). Exit Fee: 5.0% of eligible balance. **Loan 3:** Borrower: LPC Partners, L. C. (and any and all related persons or entities as determined by the bank and reviewed by the CCO). Lender: Citizens Bank. Loan Amt: \$868,000 (new equipment loan). MSF Cash Collateral: Up to \$425,000 Collateral Support Deposit (Savings Rate) (subject to 49.9% limiter). Loan Type: Matures 07/28/2016 (7 year note with 7 year amortization). Fees: Tier I: 3.0% on the MSF Deposit at Closing (\$12,750). Exit Fee: 5.0% of eligible balance. The MSF portion of loan 1 will remain fully advanced due to its revolving nature. Capture of collateral will be limited by proportion to actual losses, per the Deposit Agreement template agreement approved by the Board. Loans 2 and 3 will amortize immediately and collateral availability will be reduced in step with the MSF proportion of the initial funding. Annually, the program administrator will recapture the funding made available via amortization.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2009-098. Treasurer Kleine seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-099: Approval of Cash Collateral Deposit for Motor City Stamping, Inc. for the Michigan Collateral Support Program

Eric Hanna provided information on the action item and introduced guest presenters; Patrick Kucway, COO, Motor City Stamping, Inc.; Scott Doyle, SVP Regional Manager, Commercial Lending –Southeast, Huntington Bank; and Kevin Szachta, Commercial Credit Underwriting, Huntington Bank.

Mr. Hanna spoke about Motor City Stamping, Inc. (MCS) requesting \$2 million for what Huntington Bank believes is a temporary crisis. MCS is focusing on Department of Defense contracts to diversify their automotive customer base. Mr. Kucway spoke about potential and likely contracts with General Dynamics and AM General. Mr. Doyle spoke about MCS as a well managed company with a quality rating 2nd to none. Mr. Doyle stated that 5-6 other banks are involved and the MCSP program is a helpful one and in this case could help create up to 700 new jobs—from hourly to engineers.

Recommendation: MEDC staff recommends approval of a Michigan Collateral Support Program deposit and finalization of a Deposit Agreement, subject to final due diligence and the following terms and conditions: Borrower: Motor City Stamping, Inc. (or related entities). Lender: Huntington Bank. Loan Amt: \$5,000,000 (in additional revolving availability). MSF Cash Collateral: Up to \$2,400,000 Collateral Support Deposit (CD) (subject to 49.9% limiter). Loan Type: Matures 04/30/2010 + continuing renewals. Fees: Tier II: 1.5% on the MSF Deposit at Closing (\$36,000) 1.0% annually thereafter on unreleased portion. Exit Fee: 2.5 % of eligible balance.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-099. Mr. Herbert seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-100: Approval of Choose Michigan Fund Program Loan Agreement for A123 Systems, Inc.

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

Ms. Smith spoke about A123 Systems, Inc. (A123) plan to accelerate and expand domestic battery manufacturing capability in Michigan. Michigan plants will encompass the full production process, from the manufacture of powder and cells to the assembly of battery cells and modules which would then be assembled into complete battery pack systems for vehicles. As a result of this project, A123 Systems, Inc. anticipates it will invest approximately \$55.7 million and create up to 844 jobs over the next five years.

Recommendation: MEDC staff recommends approval of the Choose Michigan loan agreement attached to the proposed resolution for this matter.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-100. Mr. Rassel seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-101: Approval of Choose Michigan Fund Program Loan to Great Lakes Towers, LLC D/B/A Ventower Industries

Leslie Smith provided information about the action.

Ms. Smith spoke about how Great Lakes Towers, LLC d/b/a Ventower Industries (GLT) is in the final financing and planning stages to build a \$19,000,000 factory in Monroe to produce towers for commercial-scale wind turbines. GLT has received approval of a \$3.7 million MEGA Tax Credit tied to 152 new jobs. In addition GLT has received commitments of support via the city of Monroe in the form of a \$1,000,000 grant from the Michigan Department of Environmental Quality for remediation of the factory construction site, and a \$1,000,000 US Environmental Protection Agency (EPA) loan to the City

of Monroe which the city will also use for construction site remediation. The EPA loan will be paid back using tax revenues generated by the city; GLT has no payment obligations regarding the EPA loan. In addition to the incentives described above, the city of Monroe has agreed to convey the land (38 acres) for \$100 to GLT upon closing of all financing, permit approvals and construction contract close.

Recommendation: MEDC staff recommends that the Choose Michigan loan to GLT be approved, subject to the terms and conditions on Attachment A.

Mr. Rassel asked if the project was time sensitive and needed to be closed by a certain date. Ms. Smith verified the closing date as September 30th. Mr. Petcoff asked if due diligence had been conducted on the technology to ensure that it works. Ms. Smith assured the Board that the deal had been vetted and made mention of the three original inventors having a vested financial interest in the project along with the MEDC. Ms. Smith stated that the MEDC will not give a penny until there is a match for this project. Mr. Petcoff asked if anyone was sure that there was a market for wind energy towers. Mr. Main stated it's fair to say there is a market. Mr. Rothstein added a list of industries in the market for wind energy towers.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-101. Ms. Corbin seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-102: Danotek Motion Technologies, Inc. Amendment to Loan Agreement

Leslie Smith provided information about the action.

Ms. Smith spoke about Danotek, a leader in wind power generation, which is currently in the prototype development stage of a model 8300 2.5 Megawatt generator for General Electric corporation with plans to commence delivery of units by the end of 2009. However, a key component to the development of advanced wind generators is the ability to test the equipment under varying load levels, including the full anticipated load, and Danotek does not currently possess test equipment of sufficient size and power to fully load test the new generator and its current financing sources, including the funds available under the Loan Agreement, are insufficient to fund the nearly Two Million dollars (\$2,000,000) needed to acquire the appropriate test equipment. The acquisition of this equipment, together with additional equipment as needed, will allow Danotek to accelerate its product development in the area of wind power generation and, as a result, increase sales and staffing levels thereby making Danotek a more viable and vibrant member of the Michigan business community.

Recommendation: MEDC Staff recommends that the MSF consent to the amendment of the loan documents, including the existing Security Agreement, and the UCC-1 Financing Statement filed by the MSF, to allow Danotek to grant to Lighthouse a security interest in those specific items of equipment to be financed utilizing proceeds of the Lighthouse financing, and exclude those items from the MSF's security.

Mr. Herbert stated that the action has come before the subcommittee and the subcommittee recommends approval.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2009-102. Treasurer Kleine seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-103: Designation of Officers

Nathan Ohle provided information about the action.

Mr. Ohle spoke about how the MSF Board designated three staff officers at the October 2002 Board meeting, including a Fund Manager, Secretary and Treasurer. While the Fund Manager position was changed to Cindy Douglas in 2007, the other two positions have not been updated since 2002. The following new officers are being recommended for approval by the MSF Board for the management and

control of the affairs of the fund: Fund Manager: Mike Pohnl, MEDC VP of Business Development Support. Secretary: Diane Cranmer, MEDC IDR B Specialist. Treasurer: Minesh Mody, MEDC Chief Financial Officer.

Recommendation: MEDC Staff recommends the MSF Board approve the above officers to the Board.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Jackson made a motion for approval of Resolution 2009-103 Mr. Petcoff seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

PRIVATE ACITIVITY BONDS – ISSUING:

Resolution 2009-104: Erwin Quarder Inc. – (Cascade Charter Township, Kent County) – NTE \$1,750,00 – Refunding/Manufacturing

Diane Cranmer, MEDC IDR B Specialist provided information about the action.

Ms. Cranmer spoke about the project which is a refunding of the prior Michigan Strategic Fund, Series 2006 Bond (Erwin Quarder, Inc. Project) (the “Prior Bond”), issued to finance the acquisition and installation of machinery, equipment, furnishings and fixtures located in an approximately 60,000 square foot manufacturing building leased by the Company. The refunding is being undertaken primarily for the purpose of reducing debt service during the economic downturn.

Recommendation: MEDC staff recommends the adoption of the Bond Authorizing Resolution for the refunding of the entire outstanding principal amount of the Prior Bond, in the amount of NTE \$1,750,000.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-104. Mr. Rassel seconded the motion.** Josh Piland, MEDC Board Administrative Assistant, took a Roll-Call Vote.

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

The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

PRIVATE ACITIVITY BONDS – ADMINISTRATIVE:

Recovery Zone Bonds Presentation

Robert Swartz, Bond Counsel, Butzel Long provided the presentation.

Mr. Swartz gave an informational presentation on Recovery Zone Bonds and offered to answer Board Member questions.

RENAISSANCE ZONES:

Resolution 2009-105: New Renewable Energy Facility Renaissance Zone – City of St. Clair, St. Clair County– Energy Components Group, LLC (ECG)

Kevin Bonds, MEDC Manager of Business and Community Services provided information for the action item and Marcia Gebarowski, MEDC Project Specialist, introduced company officials: Doug Alexander, Economic Development Alliance on behalf of the City of St. Clair; Todd Kilgus, President, ECG; Rich Pirrotta, COO, ECG; and Melanie de Vries, ECG.

Mr. Bonds spoke about ECG focusing on expanding its manufacturing competencies and expertise to service the Energy and Alternative Energy markets—diversifying from the auto industry. They will acquire a manufacturing facility which will function as both its manufacturing hub and its research and development laboratory. ECG is currently producing prototype and production parts for customers in the alternative energy industry, and seeks to expand its growth into this new market sector. They will be investing \$21 million and creating 250 new jobs by 2014. *Mr. Kilgus thanked the MSF Board, the MEDC, and St. Clair County for their support.*

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 St. Clair and St. Clair County for a 6 year designation. The property parcel number is 74-07-053-0229-000, contingent upon the following: (i) By August 26, 2010, Energy Component Group, LLC shall have commenced the project outlined in the County of St. Clair's application for a new Renewable Energy Renaissance Zone. (ii) A development agreement is finalized between the Michigan Strategic Fund and Energy Components Group, LLC.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-105. Mr. Jackson seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-106: MSF Designated Renaissance Zone Amendment – Change in property ownership – City of Grand Rapids, Kent County – Mbtech Autodie, LLC to Autodie, LLC

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

Mr. Bonds stated that the project being was approved by the MSF Board with the designation to MBtech Autodie, LLC beginning January 1, 2008. Effective April 17, 2009, ownership changed from Daimler North America Holdings to Chrysler LLC; accordingly MBtech Autodie became a wholly owned subsidiary of Chrysler LLC. Under the new ownership the business will be called Autodie LLC. Autodie LLC agrees to assume all of the benefits, commitments and responsibilities previously agreed to by MBtech Autodie, LLC included in the original development agreement. Autodie LLC confirms the scope of the original project will not be affected.

Recommendation: MEDC Staff recommends MSF approval of the amended request by Autodie LLC. The project consists of a 14.90 acre renaissance zone, consisting of property parcel numbers 41-13-24-278-046, 41-13-24-233-028, 41-13-24-279-004, 41-13-24-230-006 and 41-13-24-227-013 to be called the Autodie LLC MSF Designated Redevelopment Renaissance Zone in the City of Grand Rapids.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-106. Mr. Rassel seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-107: Agricultural Processing Renaissance Zone Amendment – Change in property ownership – Woodland Township, Barry County – Superior Corn Products, LLC to Carbon Green BioEnergy

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

Mr. Bonds stated that in September of 2005, State Administrative Board approved an Agricultural Processing Renaissance Zone after receiving recommendation of approval from the Michigan Strategic Fund (“MSF”) and the Michigan Commission of Agriculture (“MCA”) for Superior Corn Products, LLC also later known as VeraSun Woodbury, LLC. This owner went into bankruptcy and the ethanol plant was eventually purchased by Carbon Green BioEnergy, LLC. This project is being brought back to the MSF Board in order to amend the MSF recommendation of approval for this project as follows: Amend designation to reflect change in property ownership.

Recommendation: MEDC staff recommends MSF recommendation of approval to the State Administrative Board of the amended request by Carbon Green BioEnergy, LLC's designation. The project consists of a 47 acre renaissance zone, consisting of property parcel number 08-15-001-200-04 to be called Carbon Green BioEnergy, LLC Agricultural Processing Renaissance Zone in the Township of Woodland.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being no further questions, **Treasurer Kleine made a motion for approval of Resolution 2009-107. Mr. Mondry seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-108: MSF Designated Renaissance Zone Amendment – Boundary Reduction – City of Midland, Midland County – Dow Chemical Company

Kevin Bonds provided information to the Board for the action item. Phil Santer, MEDC Project Specialist introduced guest officials: Rob Connors, Dow – Sr. New Business Development Leader; Lowell McLaughlin, Dow – S/L Tax Manager, Northern Region; Jack Duso, Assistant City Manager of Midland; and Scott Walker, Midland Tomorrow.

Mr. Bonds stated that in November of 2002, the Michigan Strategic Fund (“MSF”) approved a MSF Designated Renaissance Zone for Dow Chemical Company. Dow Chemical and the City of Midland are requesting that the MSF Board amend the boundaries to this renaissance zone as follows: Reduce the existing boundaries of the zone from 147.21 acres to 93.40 acres.

Recommendation: MEDC Staff recommends MSF recommendation of approval to the State Administrative Board of the boundary reduction request by Dow Chemical Company and the City of Midland. The amendment consists of a 53.81 acre reduction to the existing renaissance zone; the new property parcel number for the existing renaissance zone will become 14-22-20-007 consisting of a new total acreage total of 93.40. In addition to the requested amendment for the reduction in size to the zone, the change is also contingent upon the following: (i) That an amended development agreement be signed between the Michigan Strategic Fund and Dow Chemical Company affirming Dow’s commitments and obligations. (ii) In order to create separate legal descriptions for the two new parcels and reduce the existing 147.21 acre parcel of property, a land division request was made on behalf of Dow Chemical Company to the City of Midland. If the land division is not filed with the County of Midland’s Register of Deeds to complete the land division process by December 31, 2009, the reduction to the zone is null and void and the Renaissance Zone shall remain as previously designated with a total of 147.21 acres.

Board Discussion: Mr. Main asked if there were any questions from the Board. *Ms. Ewing asked if there was a new project coming into the area. Mr. Santer said there was a new entity that would be bringing a new project. Treasurer Kleine stated that this is the first time it has happened.* Being no further comments, **Mr. Rassel made a motion for approval of Resolution 2009-108. Mr. Mondry seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-109: Revocation of an Existing Tool & Die Recovery Zone – AV Tool & Engineering, Inc., Clinton Charter Township, Macomb County

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

Mr. Bonds spoke about the MEDC receiving written notification from the Recovery Zone contact person that AV Tool & Engineering has gone out of business and closed. The company is no longer a member and participating in the collaborative agreement with the members of Eastern Michigan Tool & Die Collaborative.

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

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Herbert made a motion for approval of Resolution 2009-109. Ms. Ewing seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-110: Revocation of an Existing Tool & Die Recovery Zone – Exceptional Mold & Engineering, Inc., Village of Romeo, Bruce Township, Macomb County

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

Mr. Bonds spoke about the MEDC receiving written notification from the Recovery Zone contact person that Exceptional Mold & Engineering has gone out of business and closed. The company is no longer a member and participating in the collaborative agreement with the members of Global Tooling Alliance.

Recommendation: MEDC Staff recommends the MSF revoke the designation of the existing Recovery Zone property for Exceptional Mold & Engineering, Inc.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Ms. Ewing made a motion for approval of Resolution 2009-110. Mr. Herbert seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-111: Revocation of an Existing Tool & Die Recovery Zone – American Die Corporation, Chesterfield Charter Township, Macomb County

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

Mr. Bonds spoke about the MEDC receiving written notification from the Recovery Zone contact person that American Die Corporation has gone out of business, sold its assets and closed. The company is no longer a member and participating in the collaborative agreement with the members of Michigan Coast to Coast Tool & Die Collaborative. The company that purchased the assets, Global Advanced Manufacturing, is not a member of the collaborative.

Recommendation: MEDC Staff recommends the MSF revoke the designation of the existing Recovery Zone property for American Die Corporation.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rassel made a motion for approval of Resolution 2009-111. Treasurer Kleine seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – JOB CREATION:

Resolution 2009-112: Village of L’Anse, Baraga County, CertainTeed Ceilings, Corp. - \$666,007

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

Mr. Bonds spoke about CertainTeed, which currently has two locations that produce acoustical wet-felt tiles, L’Anse and Meridian, Mississippi. Due to economic conditions, demand is only sufficient to keep one plant operational. The company has closed their plant in Mississippi and must expand capacity at the remaining plant in L’Anse. The company will invest heavily in new machinery and equipment as a result of this expansion. The project also involves repair of a dilapidated bridge that serves as the main entrance to the facility from the main road in downtown L’Anse. The bridge was recently closed after failed safety inspections by the Village. The Village of L’Anse and CertainTeed Ceilings Corp are requesting \$330,000 of CDBG assistance for the purchase of machinery and equipment related to CertainTeed’s proposed expansion and \$336,007 for public infrastructure improvements to assist in the bridge repair.

Recommendation: MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program and recommends that an application in the amount of \$666,007 be authorized for Village of L’Anse.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-112. Mr. Rassel seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-113: Bangor Charter Township, Bay County, Saginaw Valley Naval Ship Museum Project - \$216,000

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

Mr. Bonds spoke about Bangor Charter Township requesting a \$216,000 CDBG for infrastructure work to improve the site to be used as the Saginaw Valley Naval Ship Museum. The work to be performed as part of the CDBG funded project is to build, pave and light a new parking lot, bring water, sewer and electrical service to the site, landscape the site and purchase and install mooring bollards and mooring dolphins to secure the ship to the pier.

Recommendation: MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program and recommends that an application in the amount of \$216,000 be authorized for the Bangor Charter Township.

Board Discussion: Mr. Main asked if there were any questions from the Board. *Mr. Rassel stated that this vote was more personal since he had served on the vessel during his naval career.* Being no further comment, **Mr.**

Rassel made a motion for approval of Resolution 2009-113. Treasurer Kleine seconded the motion. The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2009-114: Barry County, Bradford White Corp. - \$800,000

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

Mr. Bonds spoke about Bradford White's two new product lines. In order to serve the company's expansion the county will need to make improvements to Finkbeiner Road from M-37 to 1000 feet east of Cherry Valley Road totaling 1.31 miles. The project will upgrade the existing county road. This route will complete an essential all season route for Bradford White from M-37 in Barry County to US-131, M-40 and I-196 in Allegan County. Barry County is requesting \$800,000 of CDBG assistance for needed public infrastructure improvements for this project.

Recommendation: MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program and recommends that an application in the amount of \$800,000 be authorized for Barry County.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-114. Mr. Rassel seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT – INFRASTRUCTURE:

Resolution 2009-115: City of Imlay City, Lapeer County - \$385,600

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

Mr. Bonds spoke about the City of Imlay City (Lapeer County) requesting a \$385,600 CDBG for the renovation and resurfacing of one parking lot, the renovation and resurfacing of the Almont Street Alley and the installation of bump-outs at a downtown intersection.

Recommendation: MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program and recommends that an application in the amount of \$385,600 be authorized for the City of Imlay City.

Board Discussion: Mr. Main asked if there were any questions from the Board. Being none, **Mr. Petcoff made a motion for approval of Resolution 2009-115. Mr. Jackson seconded the motion.** The motion carried unanimously – 10 ayes; 0 nays; 0 recused; 1 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 HUD approving the \$30 million dollar plan for the stimulus package. Mr. Main stated that the Board will see a faster pace to approve these projects.

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 3:08 p.m.