

**MICHIGAN STRATEGIC FUND BOARD**  
**March 24, 2010**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Strategic Fund (MSF) Board was held on Wednesday, March 24, 2010 at the MEDC building, Lake Michigan Room, 300 N. Washington Sq., Lansing, Michigan.

**MEMBERS PRESENT:** Linda Ewing; Paul E. Hodges, III; Robert Kleine; Greg Main; Mitch Mondry; Stanley “Skip” Pruss; Richard Rassel; Charlie Rothstein

**MEMBERS ABSENT:** James Herbert; George Jackson; James Petcoff

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

**APPROVAL OF MINUTES:** Mr. Main asked for a motion to approve the February 24, 2010 meeting minutes. **Mr. Kleine motioned approval of the minutes. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent

**PUBLIC COMMENT:** Mr. Main asked if there was any other 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 items on the agenda, and indicated that agenda item C4 had been pulled from the agenda.

**21st CENTURY JOBS FUND:**

**Credit Suisse Quarterly Report**

*Michael Flanagan, MEDC Capital Markets Development Associate provided background for this item and introduced the presenters: Bob Payne, Manager, Michigan Office, Customized Fund Investment Group; and Sean O'Donnell, Michigan In-State Investment Specialist, Customized Fund Investment Group.*

Mr. Payne indicated that Customized Fund Investment Group (CFIG) has commitments of \$104.5 million to 12 fund managers and one co-investment opportunity at this time, with \$4.5 million still to be invested. Mr. Payne indicated that the fund has met the majority of targeted allocations, and that fund managers have invested in 13 Michigan-based portfolio companies with 263 Michigan employees to date. Mr. O'Donnell indicated that CFIG has reached out to over 120 private equity, mezzanine and venture capital firms on behalf of the fund, and has attended 62 industry conferences and functions and has held its own networking events in various areas of the State. Mr. O'Donnell noted that recently, CFIG has been a panelist at the recent MichBio conference in Kalamazoo, and participated as a judge for entrepreneurs seeking capital at the recent Annual Collaboration for Entrepreneurs event in Ann Arbor.

*Mr. Mondry asked why the co-investment portion of investments was smaller than originally anticipated. Mr. Payne responded that often times the opportunities to co-invest were too early stage, and that it takes a significant amount of time for fund managers to identify these opportunities. Mr. Payne indicated that should they do this type of program again, they would ask for a longer investment period to allow fund managers the appropriate amount of time to identify co-investment opportunities.*

*Mr. Main indicated that for future reports, he would like to see each fund that has received an investment listed in order with the number of investments and partnerships they have currently in Michigan. Mr. Payne indicated that they would include that information in future reports.*

### **Capital Access Program Year End Report**

*Michael Flanagan, MEDC Capital Markets Development Associate provided background for this item.*

Mr. Flanagan indicated that the Small Business Capital Access Program (SBCAP) was reinstated in January 2006, and by resolution, staff is required to provide an annual report of SBCAP's funding and activities. Mr. Flanagan indicated that in fiscal year 2009, 154 loans totaling over \$10 million were made, with the MSF reserve contribution totaling \$452,229, for a leverage ratio of 23.1 to 1, private to public dollars. Mr. Flanagan indicated that these numbers are down almost 40% from 2008, mainly due to the lending markets. Mr. Flanagan indicated that staff expects the use of the SBCAP program to increase as the economy gets better, and that 296 jobs were created and 2,295 jobs were retained due to this program.

*Mr. Rassel asked at what point staff anticipates running out of money. Ned Staebler, MEDC Vice President of Business Acceleration and Capital Markets Development, responded that within the next two or three months the program could potentially be out of money at the current rate, which would cause staff to come back to the Board to authorize more money for the program.*

### **Michigan Supplier Diversification Fund (MSDF) Program Year End Report**

*Michael Flanagan, MEDC Capital Markets Development Associate provided background for this item.*

Mr. Flanagan indicated that in fiscal year 2009, MSDF induced 10 loans to 7 different companies, totaling \$21.9 million, including \$10,155,500 in MSF contributions, for a leverage ratio of 3.3 to 1, private to public dollars. Mr. Flanagan indicated that 1,858 jobs were created or retained through the program, and that the demand for the program was strong, exhibited by a pipeline that accumulated approximately \$50 million in requests.

*Mr. Rothstein asked how the portfolio was performing. Mr. Flanagan indicated that the portfolio was in good shape.*

*Mr. Kleine asked whether the 1,858 jobs were new or retained jobs. Mr. Flanagan indicated that they were combined.*

**[RECUSED: Richard Rassel]**

### **Resolution 2010-040: Centers of Energy Excellence (COEE) Program**

*Eric Schreffler, MEDC Sector Development Manager provided background for this action.*

Mr. Schreffler indicated that Adaptive Materials, Inc. (AMI) has requested \$3 million to establish a Center focused on solid oxide fuel cells. Mr. Schreffler indicated that this award had been conditionally awarded by the MSF Board in November 2008, subject to the availability of funds and AMI meeting all eligibility requirements of the COEE program. Mr. Schreffler indicated that at the January 2010 MSF Board meeting, the Board authorized new funds for the COEE program, and subsequently this proposal was brought to the MSF Investment Subcommittee for review. Because AMI is a recipient of both a 21<sup>st</sup> Century Jobs Fund loan and the conditional COEE award, the Investment Subcommittee asked MEDC staff to conduct a financial review of the company. The review was completed and presented to the MSF Investment Subcommittee on March 10, 2010. At that meeting, the subcommittee asked MEDC staff to perform additional reviews of AMI's financials and executive compensation. The reviews were completed and there were no issues of concern. The MSF COEE Subcommittee was provided with copies of the financials obtained in the reviews, as well as the materials from the original 2008 application

submitted by AMI. Mr. Schreffler indicated that on March 15, 2010, the MSF COEE Subcommittee met and recommended this award be made to AMI.

*Mr. Mondry stated that the MSF COEE Subcommittee had reviewed this project, and it meets all requirements of the program and has made good progress. Mr. Hodges commented that the subcommittee was given all relevant materials in regards to the financial reviews, and the project met all of the requirements of the program.*

*Mr. Rothstein asked how much the company had made in sales in the last year. Matt Hoffman, CFO, AMI responded that they expect to do \$9 million in sales this year, through government contracts. Mr. Rothstein asked if those contracts had all been secured. Mr. Hoffman responded that 75% of the contracts had already been secured. Mr. Rothstein asked if AMI was getting contracts for current or new products. Mr. Hoffman responded that AMI was doing a little bit of both. Mr. Rothstein asked if the company was required to do audited financial statements by any of their contracts, including the US Department of Defense. Mr. Hoffman responded that they were not required to do audited financial statements by any of their contracts.*

*Mr. Main indicated that background checks had been done on this project, and that all of the financial reviews had come back with no issues.*

*Mr. Rothstein stated that AMI had come to the MSF Investment Subcommittee requesting a five year extension on their 21<sup>st</sup> Century Jobs Fund award prior to this award coming up for approval. Mr. Rothstein indicated that the subcommittee was not comfortable with that request as it seemed inconsistent with the COEE request, and AMI subsequently withdrew their request.*

*Discussion ensued about the 2006 21<sup>st</sup> Century Jobs Fund Competition loan to AMI not requiring audited financial statements, and that the 2008 21<sup>st</sup> Century Jobs Fund Competition loans contain new language requiring audited statements under certain circumstances, including loan draws over \$1 million.*

**Board Discussion: Mr. Kleine made a motion for approval of Resolution 2010-040, with a contingency that the COEE program require audited financial statements for grants over \$1.5 million. Mr. Rothstein seconded the motion.**

*Mr. Main indicated that there are two different programs being considered, the 21<sup>st</sup> Century Jobs Fund Competition deals with loans, and the COEE program deals with grants. Mr. Main indicated that the Board could impose new rules for the COEE program, but that staff had spent a great deal of time reviewing the financials of AMI and do not believe that there is any reason to believe this is not a favorable project.*

*Mr. Staebler asked for a clarification as to whether the motion was for the COEE program in general and not this award specifically. Mr. Main asked if staff felt it was reasonable to make this a program wide condition with AMI specifically included. Doug Parks, MEDC Senior Vice President, Business Development, responded that it is a reasonable request to make this change to the program, however he would like to be able to make a more firm recommendation to the MSF COEE subcommittee on how this should be handled going forward, and bring that recommendation back to the MSF Board.*

**Board Discussion: Mr. Kleine withdrew his motion for approval of Resolution 2010-040, with the contingency. Mr. Rothstein withdrew his second of the motion.**

**Recommendation:** MEDC Staff recommends the MSF Board award \$3 million to Adaptive Materials, Inc. from the COEE allocation. The award that is recommended for funding will consume \$3 Million of

the \$16 million available, leaving \$13 million remaining in the COEE Program for the 2009-2010 fiscal year.

**Board Discussion:** Mr. Main asked if there were any additional questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-040. Mr. Hodges seconded the motion.** The motion carried – 6 ayes; 1 nays; 1 recused; 3 absent.

[RETURNS: Richard Rassel]

**Resolution 2010-041: Choose Michigan Modification**

*Ned Staebler provided information for the action.*

**Recommendation:** MEDC Staff recommends the MSF allocate \$550,000 to the Choose Michigan program from the fiscal year 2008-2009 21<sup>st</sup> Century Jobs Trust Fund.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-041. Mr. Pruss seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**Resolution 2010-042: SEIC Board Allocation**

*Ned Staebler provided information about the action.*

Mr. Staebler indicated that the SEIC Board approved a draft version of a RFP for Accelerator Funds at the March 3, 2010 meeting, and had conducted a public hearing on the issue on March 22, 2010. Mr. Staebler indicated that the goals of the Accelerator Fund program would be to create 12-24 new companies, develop 7-10 new entrepreneurs/investors, net returns to the 21<sup>st</sup> Century Jobs Fund, and to create at least two new venture funds in Michigan. Mr. Staebler indicated that Michigan is severely lacking in the funding of early pre-seed phase companies, and that this program would help to bridge that gap.

**Recommendation:** MEDC Staff recommends that the MSF Board approve an allocation of funds for the Accelerator Fund program. MEDC Staff recommends the MSF Board request the state treasurer to transfer \$7.5 million from the 21st Century Jobs Trust Fund 2008-2009 fiscal year appropriation to the MSF, and the MSF allocate to the Accelerator Fund: (i) \$7.5 million from the 21st Century Jobs Trust Fund 2008-2009 fiscal year appropriation; (ii) \$4 million (not representing net income) from the Permanent Fund; and (iii) \$500,000 from previously allocated, but undisbursed, funds from the 21st Century Jobs Trust Fund 2005-2006 fiscal year appropriation, for a total allocation in 2010 of \$12 million to the Accelerator Fund.

*Mr. Kleine asked how large a balance was in the permanent fund, and whether or not there was another program that would benefit from this allocation more than the Accelerator Fund program. Mr. Staebler responded that there was under \$5 million remaining in the permanent fund, and that with this action the Board would take \$4.0 million of that balance. Mr. Staebler indicated that there are gaps across the entire capital continuum, and that there is a definite need to grow entrepreneurs and the investment environment surrounding pre-seed companies, which this program would address. Mr. Main indicated that staff expected the permanent fund to be replenished through money coming in from tribes throughout the State this year.*

*Mr. Kleine asked if there had been any progress in working with the federal government on the MSDF program. Mr. Staebler indicated that staff is continuing to work with the federal government on designing a program, and that the Michigan Congressional Delegation had introduced a bill to create a federal program similar to the MSDF. Mr. Staebler indicated that the Obama Administration was supportive of this program, and that under the legislation introduced, Michigan could potentially receive as much as \$150 million to help with the diversification of manufacturing suppliers.*

*Mr. Rothstein asked what commitment the Accelerator Fund would be required to make to go along with the \$6 million award. Mr. Staebler indicated that under the current RFP, there would be no minimum requirement, but preference would be given to those who do. Mr. Rothstein stated that without requiring*

*the fund to commit funds, the chance of success would be lowered because there would not be as much of a personal incentive to spend the proper time on diligence.*

*Mr. Rothstein asked if this model was plausible with the limited administration fees. Mr. Staebler indicated that the statute would not allow more than 15% of the award to be used for administrative purposes, and that proposals would be given preference based on how they proposed to use those administrative dollars. Mr. Staebler also indicated that those proposals with stronger mentorship ties would be a more plausible model.*

*Mr. Rassel asked who would identify potential mentors to these funds. Mr. Staebler responded that it would be up to each applicant to identify their mentorship opportunities and that more interaction would be looked at favorably within the scoring criteria. Mr. Mondry asked what the mentor would get out of this relationship. Mr. Staebler indicated that the mentor would potentially have earlier access to these companies through their relationship with the Accelerator Fund, as well as potentially hire the fund managers from these Accelerator Funds in the future.*

*Mr. Rothstein indicated that he was concerned with the expertise of the SEIC Board in choosing an effective peer review for these applications. Mr. Staebler indicated that staff had been working hard on identifying potential peer reviewers that have the proper experience and expertise in this area, and that staff would be willing to add MSF Board members to a subcommittee to help make the selection. Mr. Rothstein indicated that it would be easier for the MSF Board to allocate the money to the program after they knew who the peer reviewer was. Mr. Staebler indicated that the peer reviewers have not been selected yet, but that the people staff was talking to were very well respected in the community, and that the scoring criteria would be developed to ensure as much interaction as possible between the Accelerator Fund and the mentors.*

*Mr. Rothstein indicated that it sounded like a great program, but with limited resources the Board needed to be sure that it would be successful, that the key would be getting the right managers to be mentors.*

*Mr. Main asked if the Board could approve the funds to the program subject to the peer reviewer being selected. Mr. Rothstein indicated that he would be open to that idea, but that he would like to approve the peer reviewer before officially allocating the funds.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Mondry made a motion for approval of Resolution 2010-042, contingent on the approval of the SEIC Board's selection of the peer review experts. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

#### **Resolution 2010-043: Business Incubator Allocation**

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

Ms. Smith indicated that through the Michigan General Government Appropriations Act, PA 128 of 2009, Section 1034 provides for up to \$950,000 for the business incubator program. Of the appropriation, the first \$250,000 shall be awarded to a city with a population greater than 750,000. The Act requires that awards are to be made by March 31, 2010, and the amount available for this appropriation is currently \$36,578.93. Ms. Smith indicated that the MSF Board has received a business plan for TechTown within the city of Detroit, which meets the appropriation priority.

**Recommendation:** MEDC Staff recommends that the MSF Board approve a grant to TechTown in the amount of \$36,578.93 subject to the identification of project milestones to be included in an agreement to be executed by the parties.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-043. Mr. Russel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**PRIVATE ACTIVITY BONDS – OTHER:**

**Resolution 2010-044: Mind Energy Biofuels, LLC (Detroit, Wayne County) \$9,000,000 – Amendment to Inducement**

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

Ms. Cranmer indicated that the MSF induced a \$9,000,000 project on behalf of Mind Energy Biofuels, LLC at its June 25, 2008. The project includes the acquisition of land, the construction of a manufacturing facility, and the acquisition and installation of machinery and equipment. Mind Energy Biofuels, LLC is requesting a one year extension to allow time for Mind Energy Biofuels, LLC to secure financing.

**Recommendation:** Staff recommends the approval of the amending resolution to extend the expiration date for Mind Energy Biofuels, LLC inducement resolution to June 25, 2011.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-044. Mr. Rothstein seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

*Mr. Main indicated that an Executive Order had been released recently, transferring the authority to grant bonds to schools to the Michigan Finance Authority starting on May 31, 2010, and that the MSF Board would no longer have the authority to issue those bonds after that point.*

**PRIVATE ACTIVITY BONDS – INDUCEMENT:**

**Resolution 2010-045: Continental Dairy Products, Inc. (Coopersville, Ottawa County) \$31,045,000 – New Financing/Manufacturing – Recovery Zone Bonds**

*Diane Cranmer provided information for the action item and introduced guest presenters: Craig Hammond, Bond Counsel; Steve Cooper, COO, Continental Dairy Products, Inc.; Jason Grubbs, Managing Director of Investment Banking, W.R. Taylor & Company; and John Kamins, Counsel, Continental Dairy.*

Ms. Cranmer indicated that Continental Dairy Products plans to finance the conversion of the former Delphi automotive part manufacturing plant located in Coopersville into a milk processing facility. The project also includes the acquisition and installation of machinery and equipment and building expansion. Ms. Cranmer indicated that this project will be funded with Recovery Zone Facility Bonds, and that the County of Ottawa has passed a resolution transferring the entire \$31,045,000 of Ottawa County allocation to the MSF for issuance of Recovery Zone Facility Bonds to support this project.

*Mr. Cooper indicated that Continental Dairy produces 4 million pounds of milk per day, and would invest approximately \$1 million for this project, creating 70 jobs.*

*Mr. Kleine asked whether Ottawa County had other projects that could have been funded by this Recovery Zone allocation. Mr. Hammond responded that there were several projects that requested these funds, and that Continental Dairy had the best proposal. Mr. Kamins indicated that there was a rigorous scoring system including permits, engineering, design, leverage of investment, and the number of jobs created that this project scored the highest on.*

*Ms. Ewing asked why the County was transferring this allocation to the MSF. Mr. Hammond responded that there was no Economic Development Agency for Ottawa County, and therefore it has no local governmental agency to issue tax-exempt bonds. Ms. Ewing asked if prevailing wage was a contingency of this project. Mr. Hammond responded that it was not, because it was not going through a local Economic Development Agency, but that the starting hourly wage would be higher than prevailing wage, plus benefits.*

*Mr. Main indicated that there was a large allocation through the Recovery Zone Bond program for the entire State of Michigan, but that counties were having a hard time finding projects to meet the requirements. Mr. Main emphasized that Michigan was in jeopardy of losing that allocation unless there was an extension granted by the federal government for these bonds.*

**Recommendation:** After reviewing the Recovery Zone Facility Bond Application for Continental Dairy Products, Inc., staff recommends the adoption of an Inducement Resolution in the amount of \$31,045,000 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 2010-045. Mr. Kleine seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

### **PRIVATE ACTIVITY BONDS – ISSUING:**

[RECUSED: Richard Rassel]

#### **Resolution 2010-046: St. Catherine of Siena Academy (Wixom, Oakland County) \$36,000,000 – New Financing/Non-Profit**

*Diane Cranmer provided information for the action item.*

Ms. Cranmer indicated that this project was previously approved at MSF meetings, however the placement agent is endeavoring to obtain a letter of credit for a reserve fund that satisfies new requirements of two of the major purchasers of the bonds, which requirements have recently been imposed. Ms. Cranmer indicated that this project includes financing the acquisition of land, the construction of a high school facility, and the furnishing and equipping of the 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 the Bond Authorizing Resolution in the amount NTE \$36,000,000.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-046. Mr. Mondry seconded the motion.** Trace Cooley, MEDC Legal Assistant, took a Roll-Call Vote.

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

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

[RETURNS: Richard Rassel]

#### **Resolution 2010-047: CPF Michigan, LLC/Community Facility Partners (Bay City, Bay County) \$6,500,000 – New Financing/Non-Profit**

*Diane Cranmer provided information for the action item.*

Ms. Cranmer indicated that this project was approved at the February 24, 2010 MSF Board meeting, and requires a one month extension of the resolution.

**Recommendation:** Based upon a determination by Dykema Gossett 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 NTE \$6,500,000.



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

**Village of Caseville, Huron County – Charity Island Productions – Sound Studio, Building Acquisition/Renovation Grant - \$935,000 CDBG-R**

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

Mr. Bonds indicated that the Village of Caseville has requested a \$935,000 CDBG-R to assist Charity Island Productions with the acquisition and renovation of a building. Mr. Bonds indicated that these funds will be provided through the American Recovery and Reinvestment Act (ARRA), and that staff is planning on sending out a RFP for the remaining ARRA funds available through this program.

**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 \$935,000 be authorized for the Village of Caseville.

*Mr. Kleine asked if the Film Office had reviewed this project. Mr. Bonds responded that they had not. Mr. Kleine asked if there was a reason that this project could not be tabled until the Film Office had reviewed this project. Mr. Bonds responded that the only issue would potentially be timing for the purchase of the building.*

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Rothstein made a motion to table this item until the Film Office had reviewed the project. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

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

**Resolution 2010-049: 2010 Infrastructure Capacity Enhancement Grants (ICE) – Various Communities - \$15,095,809**

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

Mr. Bonds indicated that staff had announced a competitive round of CDBG funding in January 2010, making this the eighth round of ICE grants since the program was initially introduced in 2004. Mr. Bonds indicated that the MEDC received 140 Notices of Intent (NOIs) requesting a total of \$58,381,495 with a total of \$31,282,180 in matching funds identified.

*Mr. Mondry asked what scoring methodology was used to score these proposals. Mr. Bonds responded that priority was given to proposals that: requested a lower amount of CDBG funds; were ready to begin; provided a local match commitment; had a high ratio of all matching funds to the amount of CDBG funds requested; and had a low ratio of CDBG funds requested per resident based on the amount requested.*

**Recommendation:** MEDC Staff has concluded that the projects meet the minimum program requirements to be eligible under the CDBG program. Staff recommends that applications totaling \$15,095,809 be authorized for the 50 projects listed in the attachment.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-049. Mr. Rassel seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

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

**Resolution 2010-050: Otsego County – Biomass Gasification System Planning System Planning Study - \$49,750**

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

Mr. Bonds indicated that Otsego County, on behalf of Otsego, Cheboygan, Emmet and Presque Isle counties, has requested a \$49,750 CDBG to fund an assessment of the feasibility of the development of a biomass gasification system(s).

*Mr. Main indicated that this study will help address the issue of whether or not this area of the State has enough excess forest products to support biomass gasification systems, and that it will coincide with the similar study that was conducted last year in the Upper Peninsula.*

**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 \$49,750 be authorized for Otsego County.

**Board Discussion:** Mr. Main asked if there were any questions from the Board. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-039. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 3 absent.

**ADDITIONAL BUSINESS:** Mr. Main thanked the Board Members for their time and asked if there was any additional business to discuss. Being none, Mr. Main adjourned the meeting at 3:00 p.m.