

**MICHIGAN STRATEGIC FUND BOARD
FEBRUARY 25, 2009**

ADOPTED MEETING MINUTES

A meeting of the Michigan Strategic Fund (MSF) Board was held on February 25, 2009 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

MEMBERS PRESENT: Linda Ewing; George Jackson; Robert Kleine; Jim Petcoff; Richard Rassel; Karen Towne (acting on behalf of Stanley “Skip” Pruss, authorization attached); Mitch Mondry (via phone)

MEMBERS ABSENT: James Epolito; Jim Herbert; Paul Hodges; Charles Rothstein

CALL TO ORDER: Treasurer Kleine called the meeting to order at 1:40 p.m. and began the meeting by welcoming the two newly appointed board members: Jim Petcoff, President of JPFS, LLC, and Mitch Mondry, President of the M Group, LLC. He also informed the Board that Paul Hodges had been re-appointed for another term.

APPOINTMENT OF TEMPORARY CHAIR: Mr. Rassel motioned to appoint Treasurer Robert Kleine as Temporary Chair in James Epolito’s absence for the February 25, 2009 MSF Board Meeting. Ms. Ewing seconded the motion. The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

APPROVAL OF MINUTES: Treasurer Kleine asked for a motion to approve the January 28, 2009 meeting minutes. Mr. Rassel motioned approval of the minutes. Mr. Jackson seconded the motion. The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

PUBLIC COMMENT: Treasurer Kleine opened the floor for any public comment pertaining to anything on the agenda, with the exception of Agenda Item E.1-Detroit International Bridge Company. He noted that anyone wanting to offer public comment specifically for this agenda item would have the opportunity to do so later in the meeting, as that project was towards the bottom of the agenda and public comment would be heard at that time. There was no other public comment.

COMMUNICATION: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that a letter had been received from Richard Rassel recusing himself from projects on the February 25, 2009 MSF Board Meeting Agenda. Mr. Ohle also noted that some new and updated agenda materials had been distributed prior to the start of the meeting.

CONFIDENTIALITY REPORT: Ned Staebler, MEDC Vice President of Program Administration, reported that two companies had requested confidentiality. These two confidentiality requests were combined in one resolution.

Resolution 2009-008: Confidentiality Acknowledgement – Hybra-Drive Systems, LLC and Incept Biosystems, Inc.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, Mr. Rassel motioned approval of Resolution 2009-008. Ms. Ewing seconded the motion. The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

21st CENTURY JOBS FUND:

Resolution 2009-009: Michigan Promotion and Business Promotion Request for Proposal

Lisa Dancsok, MEDC Senior Vice President- Travel, Marketing, & Communications, provided background information.

Provisions of the 21st Century Jobs Fund legislation provided the basis for the MSF to develop and execute a business marketing campaign and a travel marketing campaign. In April 2006, MEDC contracted with Duffey Petrosky & Company for business marketing and McCann-Erickson USA, Inc., for travel marketing. MEDC's current contracts with these agencies will expire on September 30, 2009. This request is for the MSF Board to approve the release of the business and travel marketing Request for Proposal (RFP). The only MSF funding currently available for marketing is that for business marketing under MCL 125.2088b(6), i.e., \$3.1 million for the 2008-2009 year. Similar funding (a maximum of \$3.75 million) may be available under this section for the 2009-2010 year. No MSF funding is available for travel marketing. However, should funding become available, MEDC desires to request proposals in that area as well.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-009. Mr. Petcoff seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-010: Centers of Energy Excellence – Mascoma Corporation: Agreement Amendment

Martin Dober, MEDC Vice President of New Markets, provided background information and introduced guests: Jim Schumacher, Senior VP of Corporate Development- Mascoma; Steve Hicks, President and CEO - J.M. Longyear; Kevin Korpi - Accuitas LLC

Mascoma requests revisions to the disbursement schedule to the language of one of the milestones in their COEE grant. The total funding obligated in their COEE award of \$20 Million does not change. The requests are: 1) Requests that an initial disbursement of \$1.2 million be provided prior to the completion of their Initial Milestones; 2) Requests that a second disbursement of \$10.9 Million be provided after completion of the Initial Milestones; 3) Requests that a third disbursement of \$7.9 Million be provided after the completion of Budget Period One Milestones; and 4) Requests revision of Budget Period One Milestone 9, so that the milestone would be satisfied if they provide notice from the Department of Energy, or they complete a private capital raise for their cellulosic ethanol facility. Both Mr. Schumacher and Mr. Hicks provided comments indicating that Mascoma was still on track and that they believed that the Department of Energy grant that the company received would still be coming through.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-010. Mr. Petcoff seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-011: Centers of Energy Excellence – American Processing: Applicant Amendment

Martin Dober provided background information and introduced guests: Kevin Korpi - Accuitas LLC

American Process, Inc. requests that their COEE award may be distributed to either “American Process Inc. or its subsidiary.” Their application for funding through the COEE Program contemplated a partnership between American Process Inc., Valero Energy, and Decorative Panels Inc. – but it did not explicitly mention that a joint venture was being established to be the recipient of funding.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-011. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Ned Staebler provided background information on the following five actions.

Resolution 2009-012: Company Formation and Growth Fund - Amendment

The \$8 million Pfizer Growth and Retention fund was created by the MSF Board in May of 2007 to help Michigan retain Pfizer assets (People, Plant, Property and Equipment) in Michigan. The fund was created in response to the closing announcement of the 2.5 million square foot Ann Arbor Pfizer research facility

and resulting loss of over 2,100 life science jobs, and funds are made available to Ann Arbor Spark, Lakeshore Advantage, and Southwest Michigan First to distribute to companies helping to retain Pfizer assets. While Lakeshore Advantage has companies interested in buying or leasing former Pfizer facilities it is unlikely and impractical for companies in the Holland area of Michigan to commit to the hiring of former Pfizer employees from the 2007 downsizing. In addition, nearly two years have passed since the 2007 Ann Arbor Pfizer closing announcement. Since the vast majority of former Pfizer employees throughout the state have moved on to other opportunities the proposed changes below are proposed for the remaining balance of Pfizer Growth and Retention Funds (\$1,376,661): 1) If funds are used to purchase, lease or rent former Pfizer property, plant or equipment, the company receiving the loan funds must agree to hire one life science employee for every \$50,000 borrowed within five years from the loan contract signing date; 2) If funds are used to hire new employees only, the employees must be former Pfizer Michigan employees; and 3) Funds can be used in a combination of items 1 and 2 listed above, so long as the terms for each item are followed. These changes will only apply to loans made after the amendment approval date and will not be applied retroactively.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-012. Mr. Petcoff seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-013: Pre-Seed Fund Competition – Approval of Peer Review Agency

On January 8, 2009, the Department of Management and Budget (DMB) delegated to the MSF Board contract issuance authority to enter into a contract with an independent peer review agency selected by the Commercialization Board to review grant proposals responsive to the RFP for the Pre-Seed Activities so long as the total cost of the contract is less than \$25,000 and the process used by the MSF Board to procure these services is conducted in the manner approved by DMB to ensure the State a fair and reasonable price as provided in MCL 18.1261(f). Subsequent to DMB's delegation of contract issuance authority mentioned above, the MEDC staff followed the procedure and policy approved by DMB. As a result of its search, MEDC staff determined that James H. Lynch. is the most qualified to perform the review of the grant proposals responsive to the RFP for the Pre-Seed Activities and, therefore, recommends that the MSF Board enter into a contract with James H. Lynch in an amount less than \$25,000 to be the peer review agent for the review of proposals submitted in response to the RFP for the Pre-Seed Activities.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-013. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-014: Choose Michigan Loan Enhancement Program Guidelines

At its May 2007 Board meeting, the Michigan Strategic Fund (MSF) Board approved the creation of the Choose Michigan Fund (CMF I) as a loan enhancement program under Chapter 8A of the Michigan Strategic Fund Act (Act). Since the Board approved CMF I, it has become clear that the competition in attracting emerging industries is fierce. If Michigan is to remain competitive in a global market, it must have the ability to augment its incentive packages by offering the option of forgivable loans in a limited number of cases. In late 2008, the legislature amended the Act, creating the choose Michigan fund program (CMF II). The existing CMF I will remain intact. The CMF II will be a separate and distinct part of CMF I. CMF II will operate on an incentive basis and shall provide loans to qualified businesses with significant job creation or retention in the state. As before, any repayments from this loan and others made under the program would be placed in the Jobs for Michigan Investment Fund (permanent fund). Repayments made to the permanent fund could be reinvested in similar Choose Michigan Fund projects.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Towne motioned approval of Resolution 2009-014. Mr. Rassel seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-015: Incept Biosystems, LLC – Conversion Request

Incept Biosystems, Inc. is an Ann Arbor-based company developing and marketing improved devices for embryo incubation, survival, and selection for in vitro fertilization (IVF) clinics. In the past two years, Incept Biosystems has developed the beta product for a computer controlled “Pinflo pump and chip”, which was a spin off technology from the University of Michigan. The company plans to formally launch this product to the IVF market during the American Society for Reproductive Medicine conference in October, 2009. The new round of equity financing last July triggered the option of pursuing a conversion event under the MTTC Loan. The company has indicated that it would agree to the conversion of the debt owed under the MTTC Loan into Incept Biosystem’s Series A preferred stock, at a price of \$1.55/share, as set forth in the most recent equity financing round. At \$1.55/share, the total outstanding debt of \$112,298.73 will convert into 72,451 shares of Incept Biosystem’s Series A Preferred Stock.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. *Mr. Jackson noted that this had been reviewed by the MSF Investment subcommittee and that, though Mr. Herbert was not able to participate in that meeting, he and Mr. Rothstein were supportive of this item.* Being no further discussion, **Mr. Rassel motioned approval of Resolution 2009-015. Mr. Petcoff seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-016: SensiGen – Amendment Request

SensiGen is a development stage biotechnology company focused on gene-based molecular diagnostics. The Company is currently engaged in completing preclinical proof-of-concept and commercialization of a human papillomavirus (causing agent of cervical cancer) detection system. For the past two years SensiGen had been trying to raise equity financing and was able to secure three term sheets with three different venture capital firms. For a variety of reasons, none of the deals were closed and the Company is currently facing a severe cash shortage. Recently SensiGen entered into an agreement with Sequenom Center for Molecular Medicine, LLC for the purchase of all of its currently developed assays including the AttoSense HPV-G and HPV-Q tests for cervical cancer. The total purchase price is \$8.7 million less certain credits, including the amounts owed under the MTTC loan, and includes future earn-out milestone payments. Sequenom LLC intends to combine operations from SensiGen with its newly established operation in the Grand Rapids, Michigan area. Pursuant to the purchasing of SensiGen’s assets, Sequenom provided two term sheets to assume liabilities from both the 2004 MTTC and the 2008 CFF loans to SensiGen. In essence: 1) Sequenom Center for Molecular Medicine, LLC will assume both the MTTC and CFF loans from SensiGen, and the parent company Sequenom, Inc. will guarantee both of these loans; 2) Upon assignment of the 2004 and 2008 loans, Sequenom LLC will assume all obligations of Sensigen under the Loan Agreements and Notes, except that the 2004 Loan Agreement and Note will be amended to remove any conversion or put option provisions; 3) Repayment of both Notes will be secured by all assets of Sequenom LLC. We understand that Sequenom LLC has offered a job to all current staff of SensiGen at Sequenom Center of Molecular Medicine in Grand Rapids, Michigan. Sequenom LLC has declined to assume the warrant from SensiGen.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. *Mr. Jackson again noted that this had been reviewed by the subcommittee and that they were supportive of this, and the fact that it was guaranteed by the holding company strengthened it from their point of view.* Being no further discussion, **Mr. Rassel motioned approval of Resolution 2009-016. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

PRIVATE ACTIVITY BONDS:

[Recused: Richard Rassel]

Detroit International Bridge Company: *Treasurer Kleine addressed the Board and those present, opening the floor back up for any Public Comment specific to Agenda Item E.1-Detroit International Bridge Company. The following is a summary of that comment/discussion between presenters and the Board:*

Guest Speakers

Representing Detroit International Bridge Company (DIBC):

Dan Stamper, President – DIBC;

Mickey Blashfield, Government Relations - DIBC;

Patrick Moran, Corporate Counsel - DIBC

Craig Hammond, Bond Counsel – Dickinson Wright

Robert Schwartz, Outside DIBC Counsel – Butzel Long

Legislative Guests:

State Senator Raymond E. Basham – District 8;

State Representative Lee Gonzalez – District 49;

State Representative Doug Geiss – District 22;

State Representative Rashida Tlaib – District 12;

Mr. Moran began by providing a brief summary of the history of this project as it related to the Board, beginning with Phase I which the Board approved an inducement resolution for in December, 2007. He then invited the Board to ask any questions.

Treasurer Kleine asked for a status update on Phase I of the project. Mr. Moran responded that it is about 70% completed, noting that with the bond market as it is currently, they haven't been able to sell them. They have used other funds to pay for approximately 70% of the bonds. They have a target sell date of June 4, 2009 and arrangements have been made for the Phase II bonds to have that same target date.

Treasurer Kleine then introduced Senator Basham and Representative Tlaib to address the Board in regards to this project. Both Senator Basham and Representative Tlaib shared their concerns and comments, which they had documented and distributed for the Board's information. (Attached). These concerns related to compliance of both Phase I and with the requirements that must be met in preparation for Phase II, as well as DIBC's accountability, and the design changes that were submitted by DIBC.

Ned Staebler then reviewed the detailed timeline of the project as it related to the Board. He also noted that MEDC was not in receipt of proof of the required permits until the night before so there hadn't been an opportunity to review those for compliance.

Discussion ensued relating to more specifically what was approved with the inducement of Phase I in 2008 and then what authority the Board had to induce. Mr. Moran explained that the Department of Transportation (DOT) determined that their allocation met the 'public to private partnership' requirement. Discussion continued about this requirement. Senator Basham noted that there is a federal inquiry into what was presently being discussed and then reiterated concern that if Phase I is not yet in compliance, Phase II should not be allowed to move forward.

Mr. Moran then offered response to some of the discussion, stating that the EPA (Environmental Protection Agency) released a FONSI (Finding of No Significant Impact) and published that in their public register. Mr. Stamper indicated that they have been following the EPA process, and that DIBC is meeting weekly with MDOT to resolve issues relating to the Gateway construction project.

Discussion then ensued regarding any oversight requirements or public authority created. Discussion continued about DOT offering their assessment before an inducement resolution was approved. Representative Tlaib noted that her community was not against the twin span but wanted it to be done correctly.

Mr. Blashfield reminded the Board that this is not approving the bridge construction to begin – that before actual building can take place, the project will come back to the Board for approval and that most of the issues being discussed would be clarified by then.

Senator Basham reiterated his opposition and asked that the Board table the vote requested and spend more time researching to find out the facts.

Representative Doug Geiss joined the meeting and addressed the Board in regards to this project. Representative Geiss expressed support for the bridge from a logistical standpoint, but was concerned with the details and specifications of the project and asked the Board to not proceed with the vote until more research could be done.

Treasurer Kleine expressed his concerned with taking a vote on the project with two brand new Board members who had no background information on which to make an informed, thoughtful decision.

Mr. Stamper reinforced the allowance of 60 days to get this approval, which would be expiring the first week of March. Discussion ensued about this deadline and what would be the result of not getting approval before the deadline. Discussion continued about why approval was first received from the federal government without an approved inducement. Mr. Stamper apologized for any offense, noting that the intention was not to offend but to provide assurance to the Board on their decision.

Mr. Schwartz then addressed the Board and reiterated that this vote would not approve construction to begin on the project, but rather to allow permission for DIBC to begin spending money that would, after an issuing resolution was later passed, be reimbursed to them.

Representative Lee Gonzalez joined the meeting and addressed the Board in regards to this project. Representative Gonzalez expressed support for the bridge because it will increase traffic between Michigan and Canada. Because the use will increase, however, his opposition for the project was found in his concerns for the design, maintenance, and financing of the project.

Treasurer Kleine assured the guests that the Board understood what the result would be with approval of the inducement and again expressed concern with making a rush vote just to stay within the allotted time frame when it seemed that more due-diligence was necessary. Discussion ensued about the possibility of an extension being granted by DOT, the possibility of DIBC working with the Attorney General's office to derive an inducement resolution that all parties would be in agreement with, including a joint resolution requesting an extension from DOT. Mr. Staebler responded that the Board is always open to working with companies. But part of the concern was with the newness of the two Board members who would not be able to make an informed vote if action was taken at the meeting.

Discussion continued regarding the new Board members and their support of the idea of the project but concern with the vast number of apparent issues that needed to be resolved. Further discussion ensued regarding the proposition of working with the Attorney General's office and whether there was even a potential arrangement that would realistically work for both parties.

Discussion ensued about whether the Board was comfortable issuing a request for a time extension from the US Department of Transportation. Ms. Ewing and Mr. Jackson stated they were not comfortable

making such a request. Discussion continued about other options that could take place within the few remaining days of the deadline, including the possibility of a DIBC representative, a DOT representative, and a MEDC representative discussing the issues to see if they could be resolved.

Once discussion was finished, Treasurer Kleine reiterated his concern about taking a vote on the project with two brand new Board members who had no background information upon which to make an informed decision. The Board did not take a vote on the matter.

The guest speakers all thanked the Board for their time and consideration. End of public comment.

Issuing Resolution 2009-017: Detroit Entertainment, LLC – Authorizing/Refunding NTE \$50,000,000

Diane Cranmer, MEDC Bond Specialist, provided background information on the following action.

Guests: Cheryl Dube, General Counsel – Detroit Entertainment; Bob Schwartz, Bond Counsel – Butzel Long

In May 1999, the Economic Development Corporation of the City of Detroit (EDC) issued bonds (the "EDC Bonds") for the benefit of three Detroit casinos, Greektown, MGM Grand, and the MotorCity Casino, to provide funds to enable the City of Detroit (the "City") to purchase land on the Detroit riverfront in the downtown area. Through agreements with the City, the three casinos were to construct gaming facilities and hotels on their separate portions of the land. The remainder of the land purchased with bond proceeds was to be used to provide public access to and additional public improvements on the Detroit River waterfront. In the year following the issuance of the Original Bonds, the City determined that development of the Detroit Entertainment casino and the two other casinos in the same area was not feasible. The major issue in that regard was the ever-increasing cost of land, which became prohibitive. Ultimately, none of the three casinos utilized the riverfront location. Each casino built its respective facilities on a different site within the City, and the riverfront land purchased with the proceeds of the EDC Bonds remains vacant or has been used for other City purposes (e.g., the riverwalk). The Original Bonds issued for the benefit of Detroit Entertainment remain outstanding, and the letter of credit securing those bonds remains in full force and effect. Detroit Entertainment is asking the MSF to issue refunding bonds to pay-off the Original Bonds, i.e., its portion of the EDC Bonds. (The EDC Bonds for the other two casinos are not part of the proposed refunding, and it is not anticipated that a similar request from them is forthcoming.) Because each series of the EDC Bonds was non-amortizing, the principal amount of the proposed MSF refunding bonds would be \$41,830,000 taxable and \$7,530,000 tax-exempt. It is currently proposed that the MSF bonds would also be non-amortizing, with a 25-year term, and secured by a letter of credit to be issued by Deutsche Bank Trust Company Americas and paid for by Detroit Entertainment. The term of the letter of credit will be for one year, which can be extended upon mutual agreement. Fifth Third Bank Securities, Inc. is proposed to be the underwriter of any MSF bonds.

Board Discussion: *Treasurer Kleine asked if there were any questions from the Board. Mr. Petcoff noted concern about the current bond market falling apart and the ability to issue these bonds. Discussion ensued as Ms. Dube and Mr. Schwartz offered clarification regarding the Letter of Credit and that there would be no risk to the bond holder. Being no more discussion, Mr. Petcoff motioned approval of Resolution 2009-017. Ms. Ewing seconded the motion. The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent*

Roll Call: **Ayes:** Linda Ewing; George Jackson; Robert Kleine; Mitch Mondry; Jim Petcoff; Karen Towne (acting on behalf of Stanley "Skip" Pruss, authorization attached)
 Nays: None
 Recused: Richard Rassel

[Mitch Mondry disconnected temporarily]

[Returned: Richard Rassel]

Resolution 2009-018: Dow Chemical Company - Request for Changes in Trust Indentures

Diane Cranmer provided background information on the following action.

The MSF Board issued Adjustable Rate Limited Obligation Revenue Refunding Bonds in the amounts of \$60,115,000, Series 2003B-1, and \$64,000,000, Series 2003B-2, in March of 2003 for the benefit of The Dow Chemical Company. Dow intends to convert both Series 2003B-1 and 2003B-2 from Weekly Mode to Flexible Mode on March 2, 2009, and later to convert both Series 2003B-1 and Series 2003B-2 from Flexible Mode to Fixed Rate Mode (as well as \$25,000,000 Series 2003A-1 from Flexible Mode to Term Mode) on a future date or dates to be determined. The conversions of the aforementioned series of bonds will require changes in the Trust Indenture for the bonds. An amendment to the 2003 MSF Dow Trust Indenture in a new Supplemental Indenture is required.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Russel motioned approval of Resolution 2009-018. Mr. Jackson seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent

Tim Konieczny, Attorney General's Office Representative, recommended that due to the nature of this amendment a roll call vote should be recorded.

Roll Call: **Ayes:** Linda Ewing; George Jackson; Robert Kleine; Jim Petcoff; Richard Russel; Karen Towne (acting on behalf of Stanley "Skip" Pruss, authorization attached)
 Nays: None
 Recused:

RENAISSANCE ZONES:

Resolution 2009-019: Time Extension Request – City of Grand Rapids Renaissance Zone; Furniture Center Subzone; Kent County – 607 Dewey, LLC

Kapila Vigas, MEDC Managing Director of Program Administration, provided background information on the following action.

The proposed 607 Dewey LLC development is located in a mixed residential, commercial, and industrial land uses area in northwest Grand Rapids. The site is approximately one mile from downtown Grand Rapids. The project will include the construction of a 3rd story on the existing structure, building renovations necessary to comply with current building codes and ordinances, and improvements to site infrastructure such as parking. This development will create significant new income taxes for the City of Grand Rapids. As a result of this development, True North, currently located in Belmont, Michigan, will relocate its existing operations and twelve-person staff to the City of Grand Rapids. The annual average wage of True North employees is \$60,000 to \$70,000, with competitive healthcare benefits. Additionally, it is estimated that 15-20 new jobs will be created, through prospective tenant(s) on the first and second floors. It is anticipated that the prospective tenants will be complementary professional services and provide comparable wage and healthcare benefits. In combination with the extension request of the existing Renaissance Zone, a Brownfield Michigan Business tax (MBT) credit has been requested.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Jackson motioned approval of Resolution 2009-019. Ms. Ewing seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused; 5 absent

[Mitch Mondry rejoins the meeting by phone]

Resolution 2009-020: Time Extension Request – City of Grand Rapids Renaissance Zone; Grandville Subzone; Kent County – Via Design, Inc.

Kapila Vigas provided background information on the following action.

Via Design, Inc. is a prominent local architecture and interior design firm which employs 27 people in downtown Grand Rapids. The Company wishes to expand its real estate as part of its business plan, and the extension to the existing subzone designation will enable the Company to accomplish the expansion. The Company's expansion will benefit the neighborhood and community because of proposed real estate

improvements, in addition to growing the Company's business. The project will result in significant property improvements on the exterior and interior, thus enhancing the vitality, desirability and property values of the surrounding area. This will, in turn, add jobs and benefit the local economy. The expansion will allow a third business unit of Via Design, Inc. to further develop a research & design facility for commercial office furniture. The line of commercial office furniture will create one immediate position, and possibly grow into five to ten jobs within the next five years.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Towne motioned approval of Resolution 2009-020. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-021: Time Extension Request – City of Grand Rapids Renaissance Zone; Wealthy-Eastern-Franklin Subzone; Kent County – Wealthy Street Historical Development

Kapila Vigas provided background information on the following action.

Wealthy Street Historic Development, LLC has been a commercial and residential developer for 19 years. It and its sole member, Georgetown Development Company, Inc., have developed several hundred residential lots, condominiums, office buildings, retail centers and apartments in the West Michigan area. There currently is a dilapidated 13,000 square foot structure that has been vacant for several years. The Company will historically renovate the building into an 8,000 square foot structure, with 4,000 square foot of street level retail and 4,000 square foot of upper level residential. It is anticipated that this project will create approximately 12-16 retail jobs, as well as bringing 8-12 new residents to the area to support the neighborhood business to generate additional jobs. It is anticipated that the retail jobs for this project will generate an annual payroll of approximately \$330,000. An estimated private investment of \$650,000 - \$700,000 will be put into the property.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Petcoff motioned approval of Resolution 2009-021. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

COMMUNITY DEVELOPMENT BLOCK GRANTS:

[**Recused:** Richard Rassel]

Resolution 2009-022-Job Creation: City of Tecumseh – Consolidated Biscuit

Kapila Vigas provided background information on the following action.

Consolidated Biscuit Company is headquartered in McComb, Ohio. CBC is one of the largest independent full-line cookie and cracker manufacturers in the United States. In addition to its own label, CBC also is a contract packer for some of the largest name-brand national companies. CBC is considering purchasing an existing Tecumseh Products building and property for the company's first bakery in Michigan. In addition to the building and land acquisition, the company will also be acquiring, moving and installing bakery equipment. The overall capital investment for this project will be \$7 million. In order to serve Consolidated Biscuit Company's expansion the city needs to reconstruct Maumee Street from M-50 to the company entrance, due to an increase in truck traffic on this route which is in a deteriorated condition.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Jackson motioned approval of Resolution 2009-022. Mr. Petcoff seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused; 4 absent

[**Returned:** Richard Rassel]

Resolution 2009-023-Job Creation: Berrien County – Harbor Light Metals Machinery and Equipment

Kapila Vigas provided background information on the following action.

Harbor Light Metals, LLC, located in Benton Harbor, is a minority owned company producing aluminum alloys sold to automotive, industrial and export buying markets. Its major customers include Alcoa, Toyota, and Briggs & Stratton. The Company has the opportunity to diversify their customer base to include aerospace and defense. To that end, the Company needs to purchase additional machinery and equipment, a total investment cost of \$709,000. Berrien County is requesting \$260,000 of CDBG funds to assist in the purchase of machinery and equipment by the Company in support of this project.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Jackson motioned approval of Resolution 2009-023. Ms. Towne seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-024-Downtown Infrastructure: City of Hartford – South Parking Lot Reconstruction

Kapila Viges provided background information on the following action.

The City of Hartford is requesting a \$289,000 CDBG to fund the reconstruction of the south municipal parking lot. The parking lot would be completely reconstructed. Including an 18” storm sewer installed from an existing manhole in Center Street to serve the parking lot, and a 5’-wide concrete sidewalk with a thickened edge to also serve as a curb would be installed along the south side of the buildings that are immediately adjacent to the alley. The new configuration would improve traffic flow and safety.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Towne motioned approval of Resolution 2009-024. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Resolution 2009-025-Grant Increase: City of St. Johns – Mahle Engine Components USA

Kapila Viges provided background information on the following action.

Mahle Engine Components (Mahle) is part of MAHLE GmbH, a leading global manufacturer of components for the automotive and heavy duty engine industry. The St. Johns Mahle facility has been a prominent employer in the rural community for over 60 years. Mahle currently employs 311 at this St. Johns plant. The proposed project is for an expansion to the St. Johns facility in order to expand and diversify their piston ring production. In order to take on the expansion, the company would invest in a 30,000 sq. ft. expansion to the existing plant in St. Johns, as well as the purchase of \$10.5 million in new equipment and \$4.5 million in equipment transferred from Manchester, Missouri. The total capital investment over five years is estimated at \$18.2 million. The City of St. Johns is requesting a Community Development Block Grant increase in the amount of \$61,400 for the construction of a public road and improvements to a public drain that will enable Mahle to expand their St. Johns facility and provide extra capacity to bring in new business.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Jackson motioned approval of Resolution 2009-025. Mr. Petcoff seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

Status of Funds Report: Ms. Viges provided an update on the CDBG status of funds and available resources. *Treasurer Kleine inquired about the large negative balance reflected in the report. Ms. Viges clarified that we should be receiving our new funds soon and then that number will go back to the positive side. The amount we will be receiving should be approximately the same as last year – approximately \$35 million.* There were no additional questions from the Board.

Resolution 2009-026-Planning: Yates Township – Township Master Plan

Kapila Viges provided background information on the following action.

Yates Township is requesting a \$50,000 CDBG to assist with the development of a master plan and rezoning for the purpose of encouraging new investment and job creation. The master plan is a critical document that will direct the development of new roads, the establishment of a Downtown Development Authority, and the redevelopment of historic sites. The community has a five year strategy for

redevelopment that encourages millions of dollars of investment. The development of a master plan will organize the redevelopment so that the community will be able to maximize the benefits.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Towne motioned approval of Resolution 2009-026. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent

ADDITIONAL BUSINESS: Treasurer Kleine asked if there was any additional business to discuss.

ADJOURNMENT: Being no more additional business, Treasurer Kleine asked for a motion to adjourn the February 25, 2009 MSF Board Meeting. **Ms. Ewing motioned to adjourn the meeting. Mr. Rassel seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 4 absent. The meeting was adjourned at 3:32 p.m.