

**MICHIGAN STRATEGIC FUND BOARD  
JANUARY 28, 2009**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Strategic Fund (MSF) Board was held on January 28, 2009 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); James Epolito; Linda Ewing; Paul Hodges; Robert Kleine; Charlie Rothstein; George Jackson (via phone); Jeff Leithauser (via phone); Richard Rassel (via phone)

**MEMBERS ABSENT:** Jim Herbert

**CALL TO ORDER:** Mr. Epolito called the meeting to order at 1:37 p.m.

**APPROVAL OF MINUTES:** Mr. Epolito asked for a motion to approve the December 17, 2008 meeting minutes. **Ms. Ewing motioned approval of the minutes. Treasurer Kleine seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 2 absent

**PUBLIC COMMENT:** Mr. Epolito opened the floor for public comment. There was no public comment.

**COMMUNICATION:** Nathan Ohle, MEDC Board Relations Liaison, advised the Board that letters had been received from Jeff Leithauser recusing himself from projects on the January 28, 2009 MSF Board Meeting Agenda. Mr. Ohle also noted that an updated meeting agenda 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 from the 21<sup>st</sup> Century Jobs Fund Competition.

**Resolution 2009-001: Confidentiality Acknowledgement – Arbor Photonics**

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2009-001. Mr. Rothstein seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 2 absent

**Resolution 2009-002: Confidentiality Acknowledgement – Pixel Velocity**

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2009-002. Ms. Corbin seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused; 2 absent

[George Jackson joined the meeting by phone.]

**Discussion: Addressing Requests for Confidentiality of Wage Information**

Mr. Staebler explained to the Board that the Confidentiality Subcommittee, made up of Robert Kleine, Linda Ewing and Richard Rassel, met regarding a policy for handling requests to the Board for confidentiality of wage information. Mr. Staebler then opened the floor for the three subcommittee members to address the Board.

Ms. Ewing began by explaining that the subcommittee members were unable to come to a consensus about the issue and, thus, could not agree on a recommendation for the Board. Ms. Ewing continued by expressing her opposition to granting confidentiality on wage information, explaining that she believed the public has a

right to know that information or at least should be able to submit a FOIA request to obtain it and that the Board should be free to discuss wage information in an open meeting. She also noted that these companies should be transparent as general transparency is the only thing that makes accountability feasible and keeping, in her opinion, non-proprietary wage information confidential makes it difficult to allow for accountability of these programs.

Next, Mr. Rassel addressed the Board, noting that he felt strongly that wage information can be extremely proprietary and should be confidential in those circumstances. Treasurer Kleine added that he was able to see both sides presented and, therefore, a decision couldn't be made, even after looking into how other states handled these types of confidentiality requests.

Discussion ensued regarding the statutes and legal definitions, as well as how this has been handled in the past and also in other states. Mr. Staebler informed the Board that the staff recommendation was to forego creating a blanket policy and continue handling each request on a case-by-case basis, but going forward, any request for confidentiality of wage information would include a justification provided by the requesting company that would then be reviewed and considered by the Board. After further discussion, it was agreed that this would be the most effective action to take.

**Mr. Leithauser motioned approval of the staff recommendation to the Board. Mr. Jackson seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 1 absent

**PRIVATE ACTIVITY BONDS:**

*Diane Cranmer, MEDC Bond Specialist, provided background information on the following two actions.*

**Issuing Resolution 2009-003: Grosse Pointe Academy Project – Grosse Pointe Farms (Wayne County) NTE \$2,500,000 – Non-Profit/Refinancing**

The Grosse Pointe Academy (Academy) is a Michigan non-profit corporation located in Grosse Pointe Farms and established in 1919 . The Academy is an independent, co-educational day school serving children in early school through grade 8 and employs approximately 70 people. The project consists of refinancing taxable debt used to finance major renovations, improvements, updates and upgrades to the Academy's existing facilities. The first phase of the project was partially financed through a Bond issued by the MSF in 2005. The proceeds of the current Bond issue will be used to refinance \$2,500,000 in taxable bank debt incurred on August 9, 2007.

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-003. Treasurer Kleine seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 1 absent

**Roll Call:**           **Ayes:** Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); James Epolito; Linda Ewing; Paul Hodges; George Jackson; Robert Kleine; Jeff Leithauser; Richard Rassel; Charlie Rothstein  
                          **Nays:** None  
                          **Recused:** None

**[Recused:** Jeff Leithauser]

**Resolution 2009-004: Change in Documents – Russell Investment Company, LLC**

The MSF Board issued Bonds in 2002 and 2006 for the benefit of Russell Investment Company, LLC and Russell's Equipment, LLC. The 2006 Bonds, issued in the principal amount of \$2,940,000, financed (1) the construction of a manufacturing facility and the acquisition and installation of machinery and equipment; and (2) the construction of an addition to an existing manufacturing facility and the

acquisition and installation of machinery and equipment. The 2002 Bonds, issued in the principal amount of \$4,000,000, financed (1) the construction of a manufacturing facility and the acquisition and installation of machinery and equipment; and (2) the construction of an addition to an existing manufacturing facility and the acquisition and installation of machinery and equipment.

The Bonds are secured by letters of credit from Fifth Third Bank. The Company has requested to have each series of Bonds rated by Standard and Poor's. Fifth Third Securities, Inc., the Remarketing Agent for the Bonds, has indicated that a rating on the Bonds increases the ability to remarket the Bonds and provides a lower interest rate on the Bonds. The documents have been provided to Standard and Poor's and they have requested changes to the documents to meet their rating standards.

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin motioned approval of Resolution 2009-004. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 1 recused; 1 absent

[Returned: Jeff Leithauser]

**RENAISSANCE ZONES:**

*Kevin Bonds, MEDC Manager of Business and Community Services, provided background information on the following three actions:*

**Resolution 2009-005: Time Extension – City of Battle Creek/Kalamazoo/Kalamazoo County Zone; Midlink Business Park Subzone – Kaiser Aluminum**

Kaiser Aluminum Corporation (“Kaiser” or “Company”) was founded in 1946 and, over time, grew to become involved in virtually all aspects of the aluminum industry, including the mining and refining of bauxite into alumina, the production of primary aluminum from alumina, and the manufacture of fabricated and semi-fabricated aluminum products. The Company is now focused on developing the highest-quality fabricated aluminum products for major suppliers and manufacturers in the aerospace, general engineering, automotive and custom industrial markets and currently employs 14 associates in Michigan with primarily sales functions.

Kaiser proposes to create a state-of-the-art extrusion facility that is competitive on a global basis for high quality rod and bar aluminum extrusions, and identified a facility located in the Charter Township of Comstock at the Midlink Business Park. The Company expects to lease approximately 455,200 square feet of space. Total investment for this project is expected to be more than \$50 million and create up to 300 jobs paying an average weekly wage of \$701.00. The Charter Township of Comstock and Kalamazoo County are requesting a modification to the Midlink Business Park Subzone in the City of Battle Creek/Kalamazoo and Kalamazoo County Renaissance Zone.

*Mr. Bonds introduced the two MEDC Business Development Managers working with this client, Susan Novakoski and Penny Launstein. Ms. Launstein introduced the following representatives of the Company: Jim McAuliffe, Senior Vice President of Human Resources - Kaiser Aluminum; Kevin Brozovich, Human Resources Director – Kaiser Aluminum; and Jason Harloff, General Manager - Kaiser Aluminum, Kalamazoo Plant.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2009-005. Mr. Rothstein seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 1 absent

**Resolution 2009-006: Amendment to MSF Designated Zone – City of Jackson – Eaton Aeroquip, LLC**

In February of 2007, the MSF Board approved a Redevelopment Renaissance Zone for Eaton Aeroquip, Inc. Today, the MSF is asked to consider an amendment to its initial approval for this project to recognize the transfer of the property ownership to a newly created entity, Eaton Aeroquip LLC. Eaton Aeroquip LLC was created due to a corporate restructuring of Eaton Aeroquip, Inc. Eaton Aeroquip LLC agrees to assume all of the benefits, commitments and responsibilities previously agreed to by Eaton Aeroquip, Inc. in the original development agreement. Eaton Aeroquip LLC confirms the scope of the original project will not be affected.

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Rassel motioned approval of Resolution 2009-006. Ms. Corbin seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 1 absent

**TOOL & DIE RECOVERY ZONES:**

**Resolution 2009-007: Rescission of Previous Revocation of Parcel in City of Walker**

The MSF Board revoked the Tool & Die Recovery Zone parcel of property for the Tooling Systems Group Components, Inc. (TSGC) at the December 17, 2008 Board meeting because TSGC relocated their operations. The MSF then designated the new location in Plainfield Charter Township (Belmont) as new Recovery Zone property. TSGC belongs to the Tooling Systems Group Recovery Zone. That same day, staff was informed that another existing recovery zone company belonging to the same coalition had partially moved into the building vacated by TSGC and will move in 100% during January 2009. The City of Walker requested that the recovery zone designation at 4315 3 Mile Rd NW in Walker remain as originally consented to by the City, for the time period originally approved.

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2009-007. Ms. Ewing seconded the motion.** The motion carried unanimously – 9 ayes; 0 nays; 0 recused; 1 absent

**ADDITIONAL BUSINESS:** Mr. Epolito asked if there was any additional business to discuss.

**ADJOURNMENT:** Being no more additional business, Mr. Epolito adjourned the meeting at 2:03 p.m.